

Minnesota State Demographic Center

The Baby Boom's Aftershock and Minnesota's Recovery Plan

**Presentation at the 2015 Business Succession
Summit hosted by Boulay**

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November 5, 2015 | Edina, MN**

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What is the role of the MN State Demographic Center?

- Serve as a liaison to the Census Bureau and assist with the decennial census counts
- Create MN population estimates and projections
- Analyze, interpret and distribute data from the state, U.S. Census Bureau and other sources
- Offer data and technical assistance to legislators, all levels of government, organizations and citizens across the state
- Monitor trends and help MN to make data-informed decisions



Business Succession Planning

Demographic Considerations

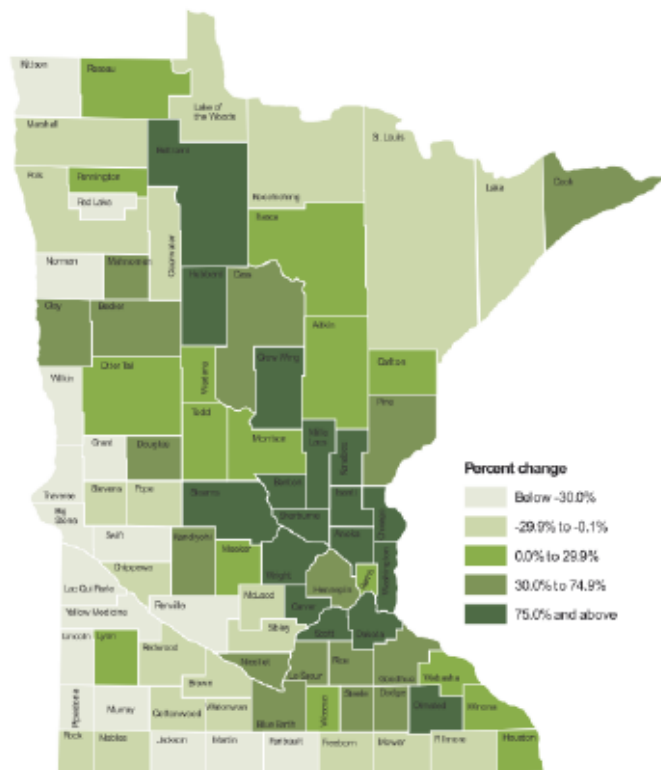


Population Shifts



The long, historic view... population change since 1960

Long-term population
change, 1960-2013



Data source:
U.S. Census Bureau,
Population Estimate Program
© Center for Rural Policy and Development



Center for Rural Policy & Development, 2014



QUIZ QUESTION

Where do 1 in 5 of Minnesota's residents live?



- A. The 7-county
Twin Cities metro
- B. Otter Tail County
- C. Hennepin County



Counties are not comparable units for measurement!

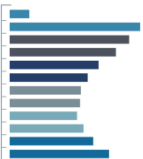
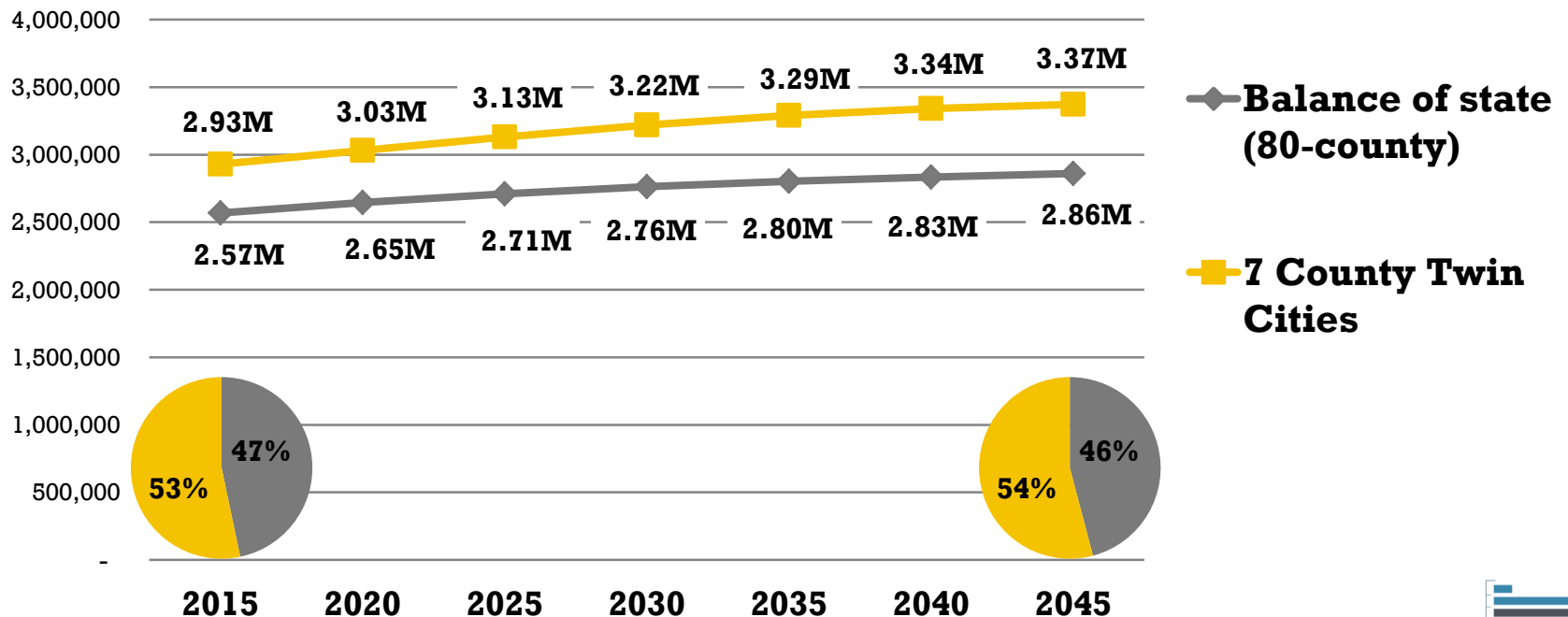
5 largest MN counties in 2014:

1. **Hennepin (1.2M residents, 22% of state)**
 2. Ramsey (530K, 10% of state)
 3. Dakota (412K, 8% of state)
 4. Anoka (343K, 6% of state)
 5. Washington (249K, 5% of state)
- Everywhere else (2.7M, 50% of state)



Twin Cities & Greater MN both expected to grow through 2045

Growth projection, Twin Cities 7-county and balance of state (80-county), 2015-2045

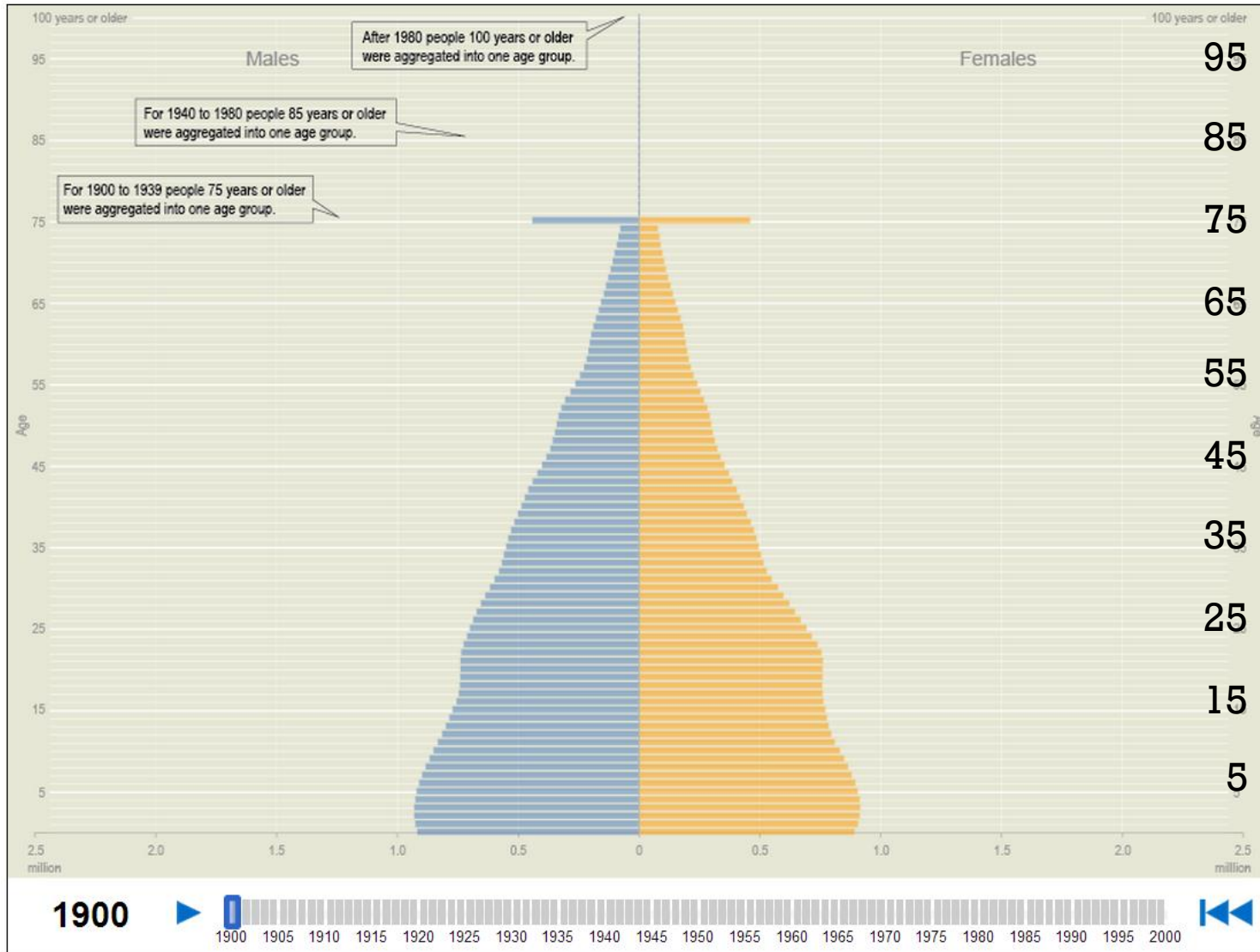


Aging trends



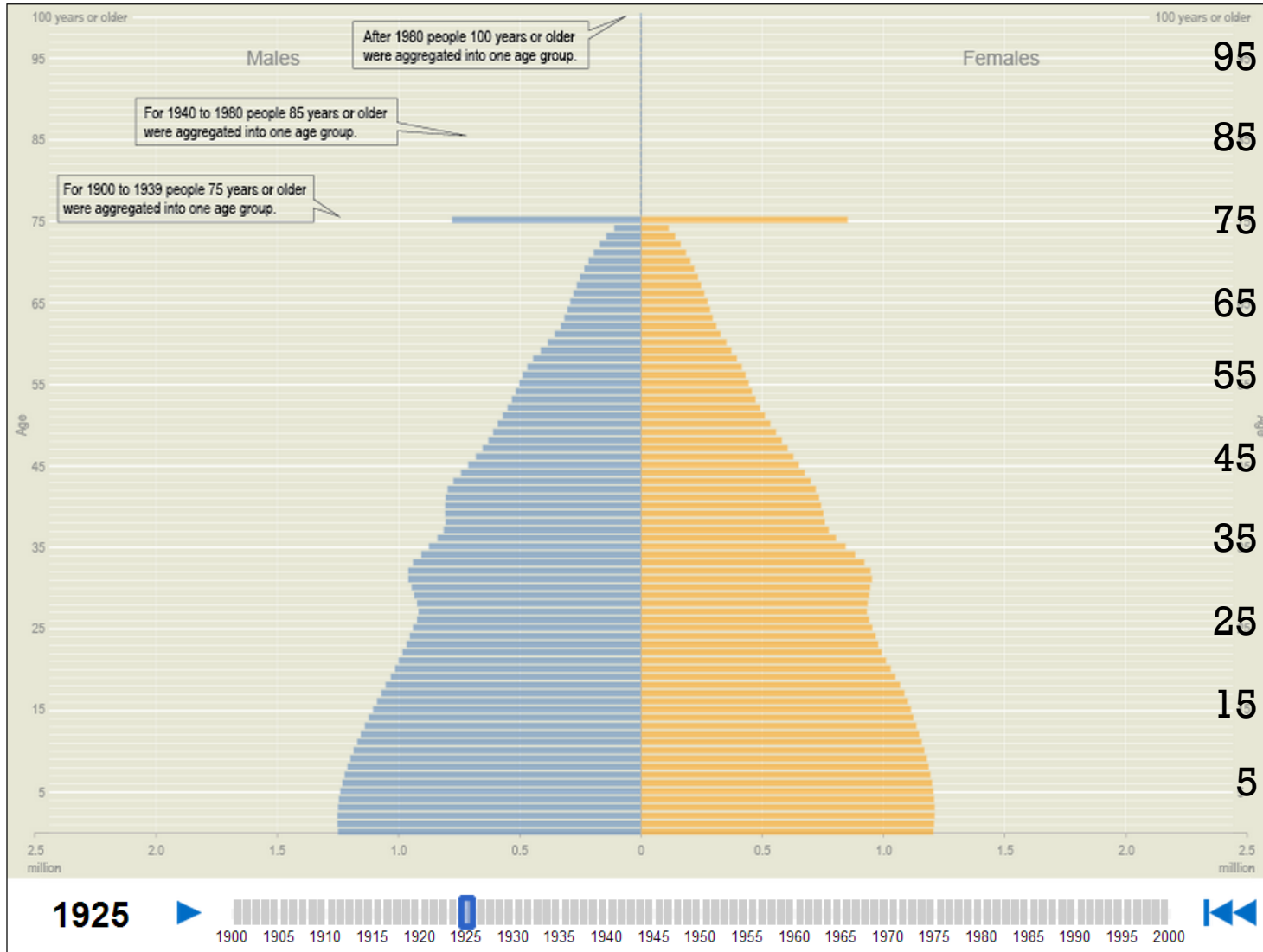


The nation in 1900



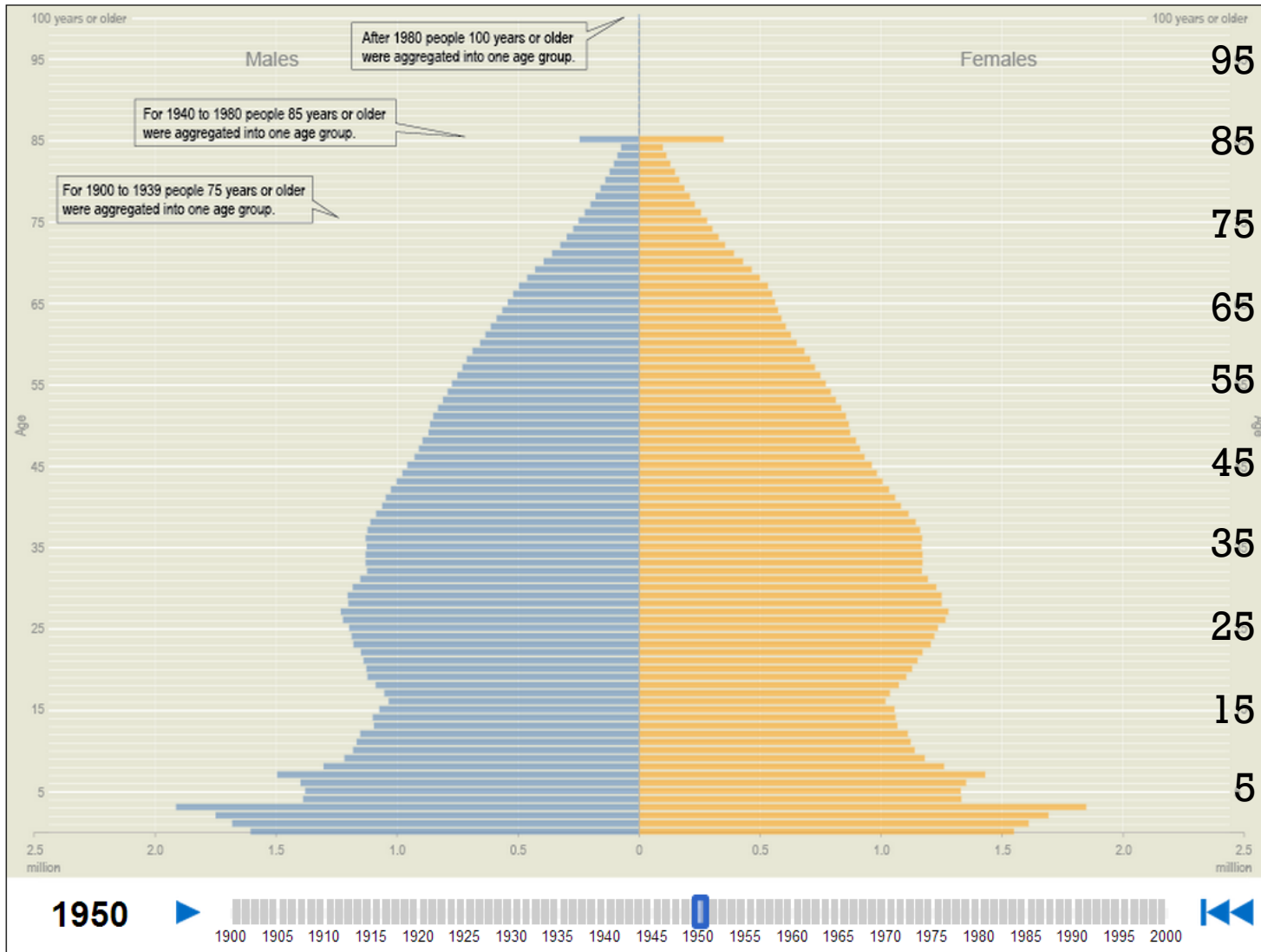


The nation in 1925



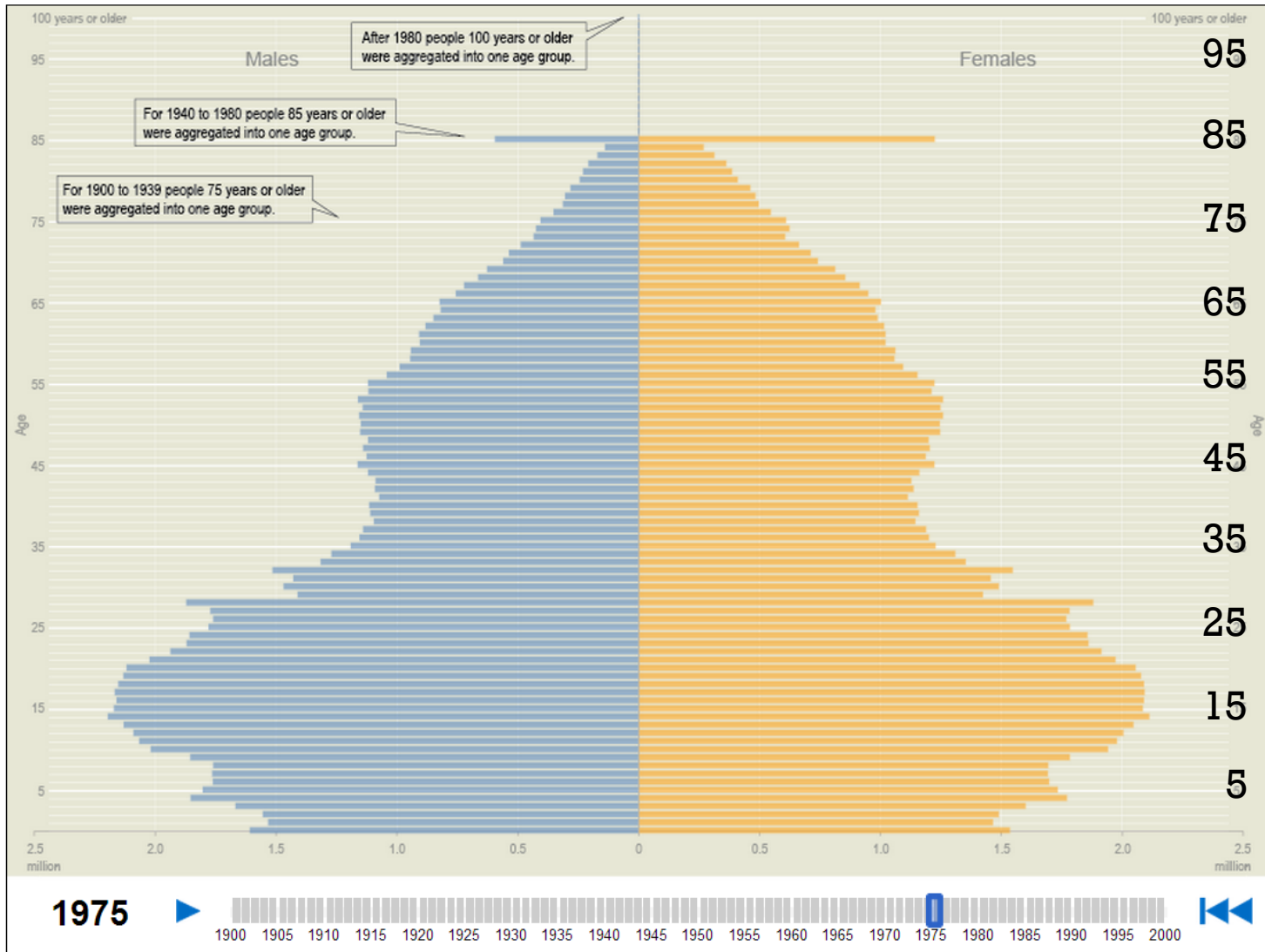


The nation in 1950



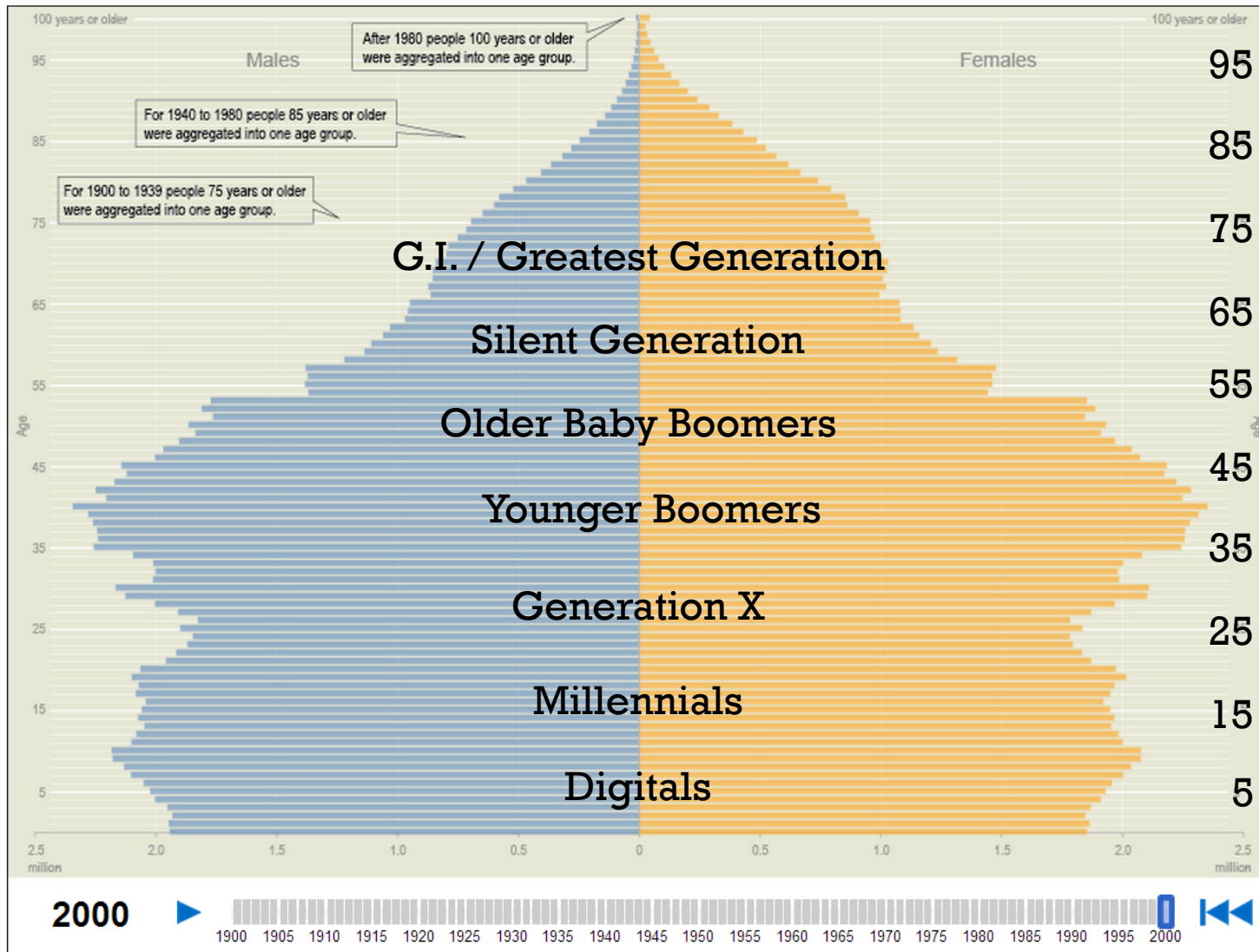


The nation in 1975





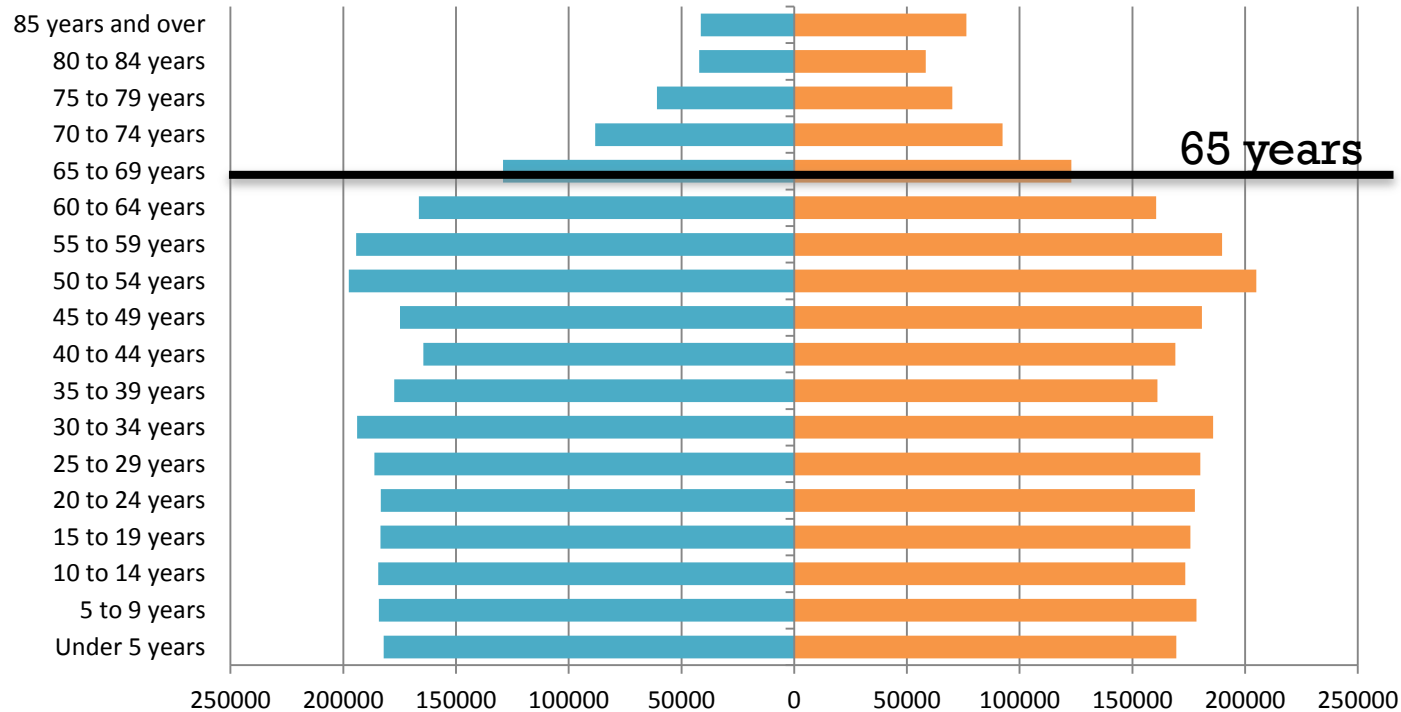
The nation in 2000





What Minnesota looks like... this year

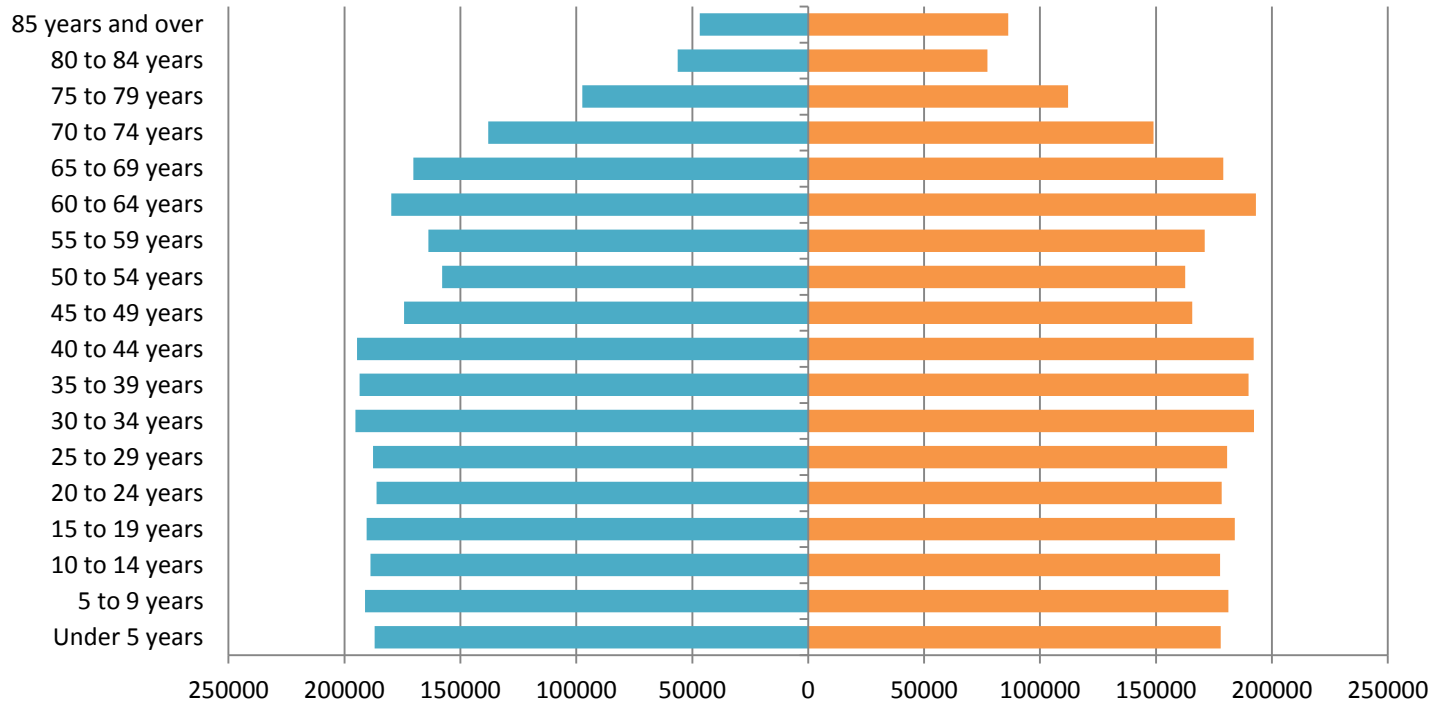
Population by age and sex
Minnesota, 2015





What Minnesota will look like... in 10 years

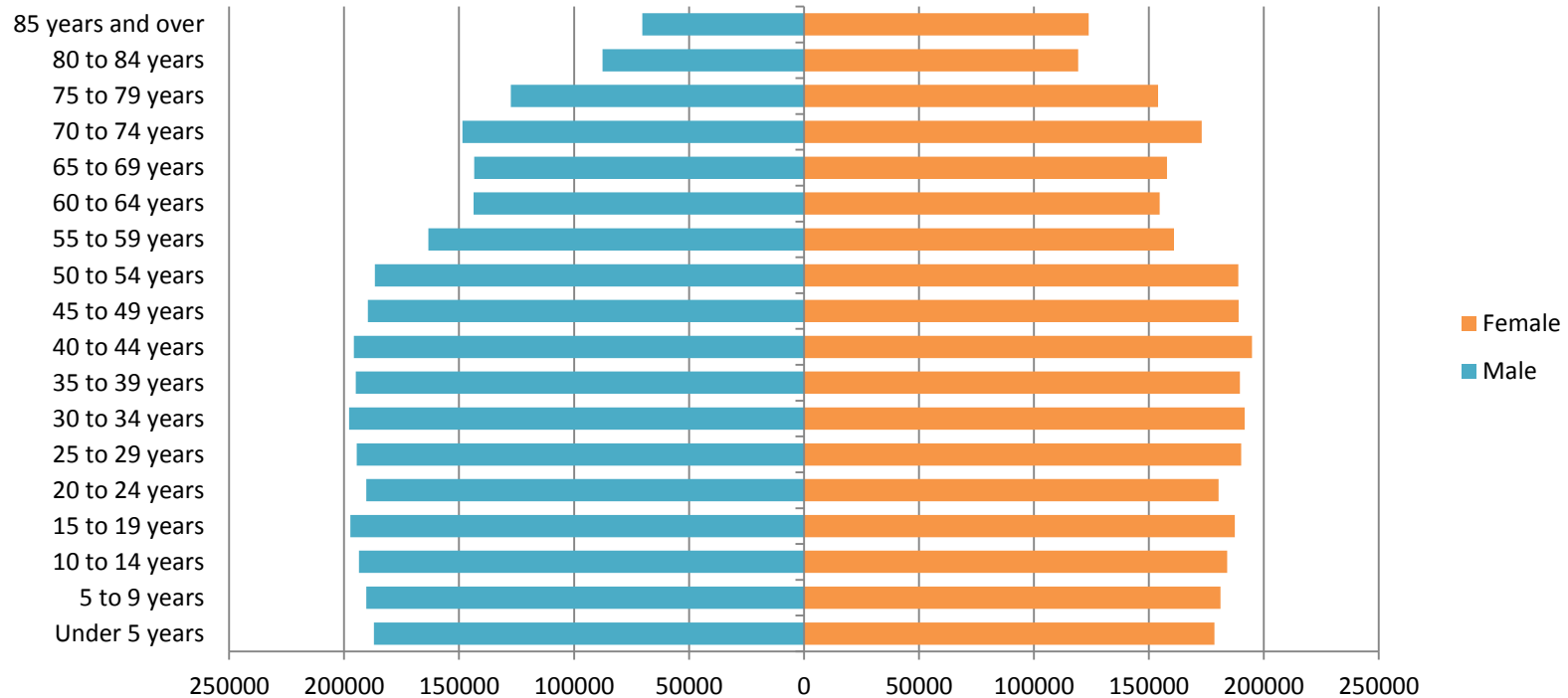
Population by age and sex
Minnesota, 2025





What Minnesota will look like... in 20 years

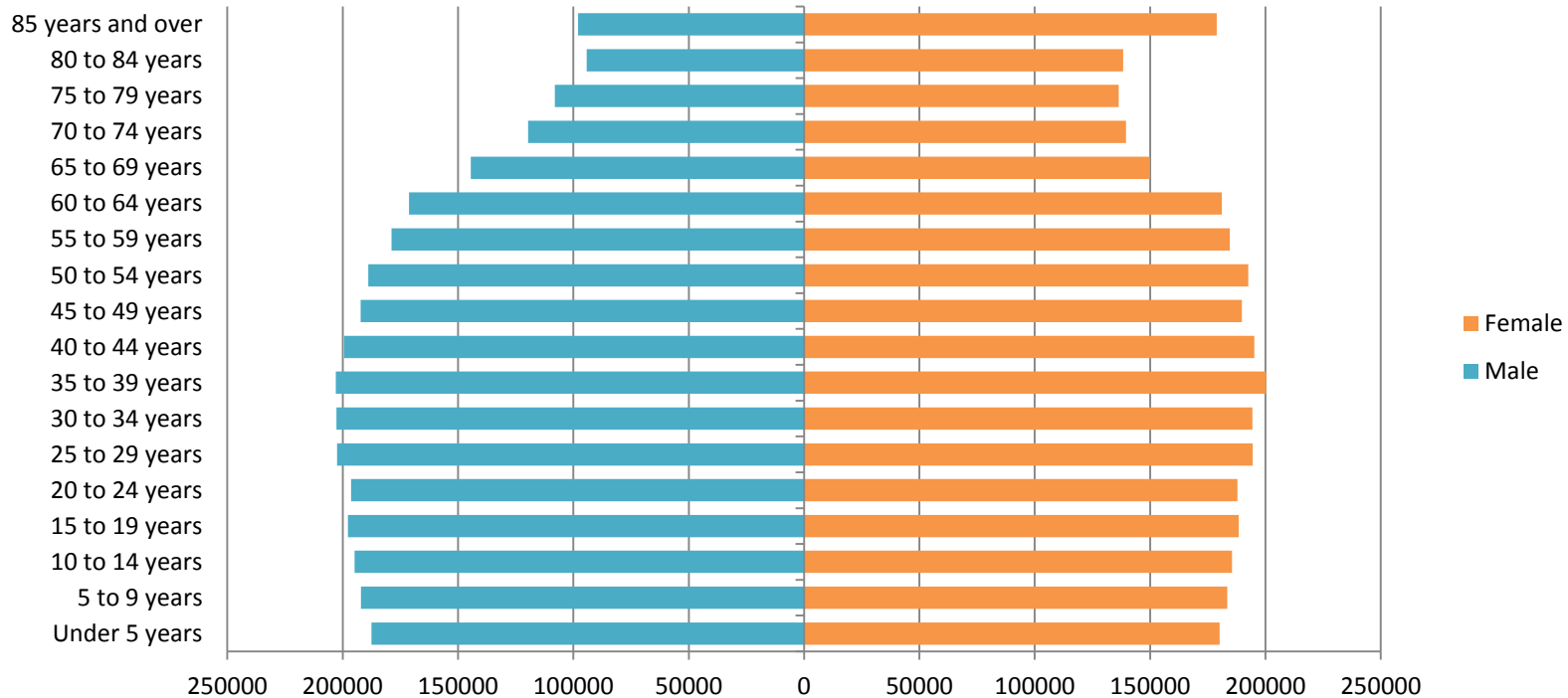
Population by age and sex
Minnesota, 2035





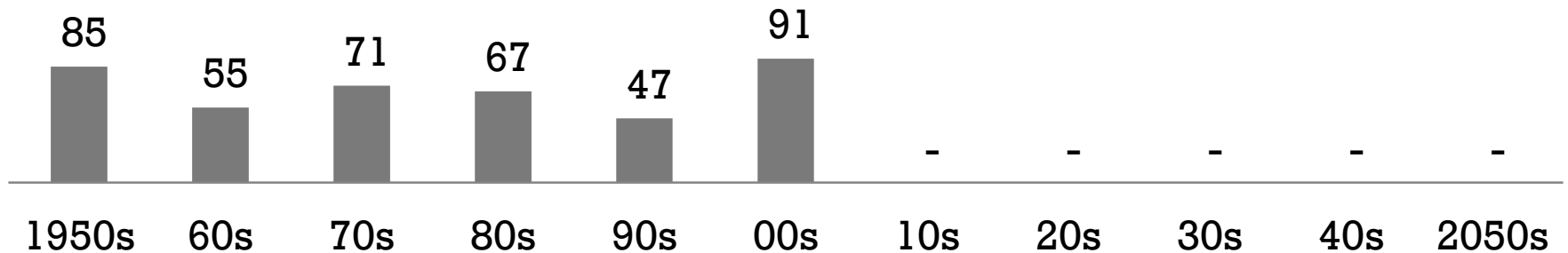
What Minnesota will look like... in 30 years

Population by age and sex
Minnesota, 2045



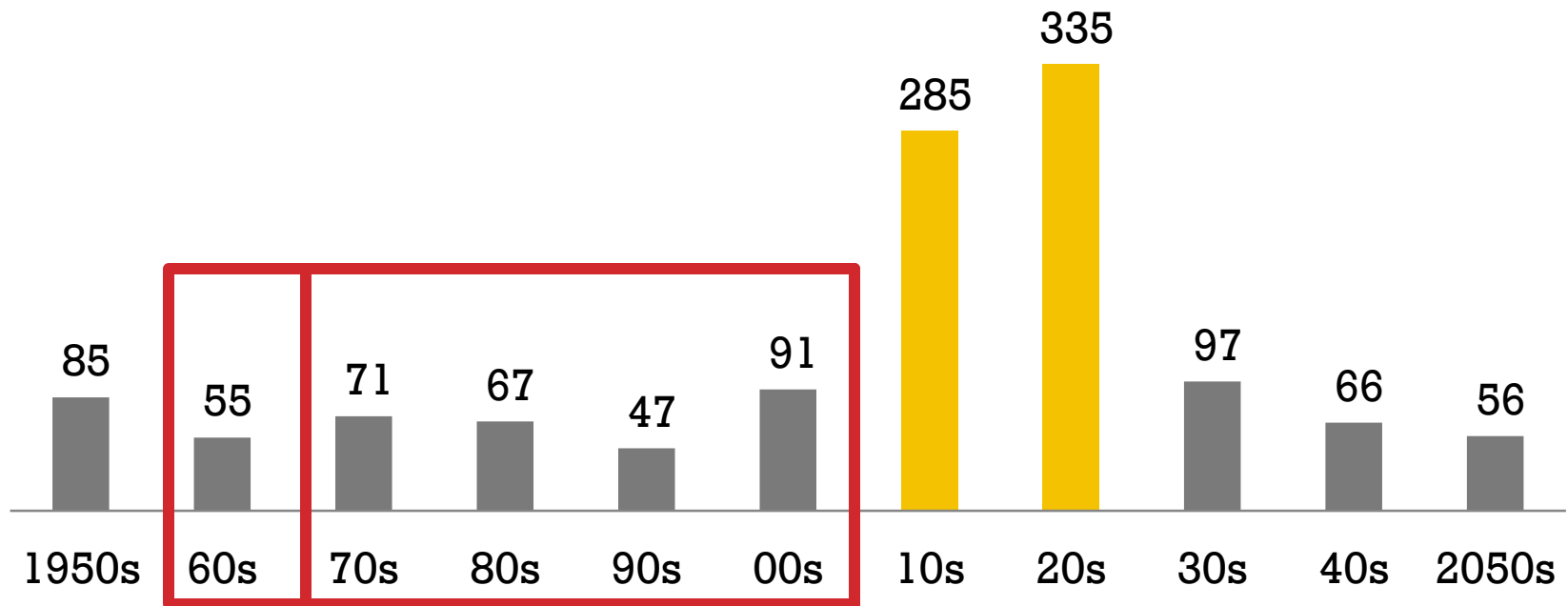
+ How many additional “older adults” will we gain during this decade?

Change in older adults, age 65+ (Thousands)



+ This decade and next: *Unprecedented* increases in MN's 65+ population

Change in older adults, age 65+ (in thousands)





QUIZ QUESTION:

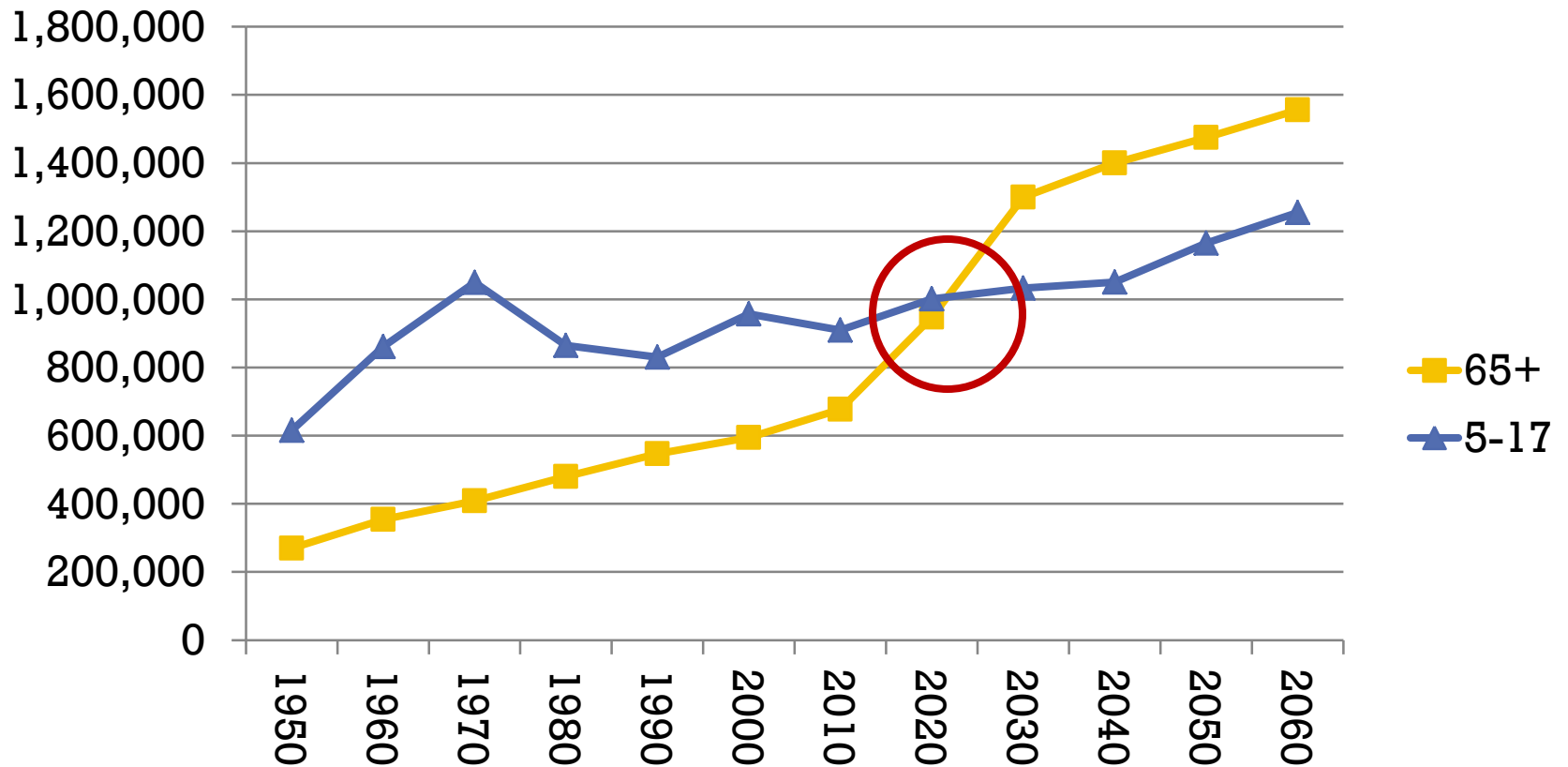


What event is predicted to happen in 2020 that has never before happened in the history of our state?

- A. The Vikings will win the Super Bowl
- B. MN will have more immigrants than U.S.-born residents
- C. MN will have more 65+ residents than school-age children, 5-17

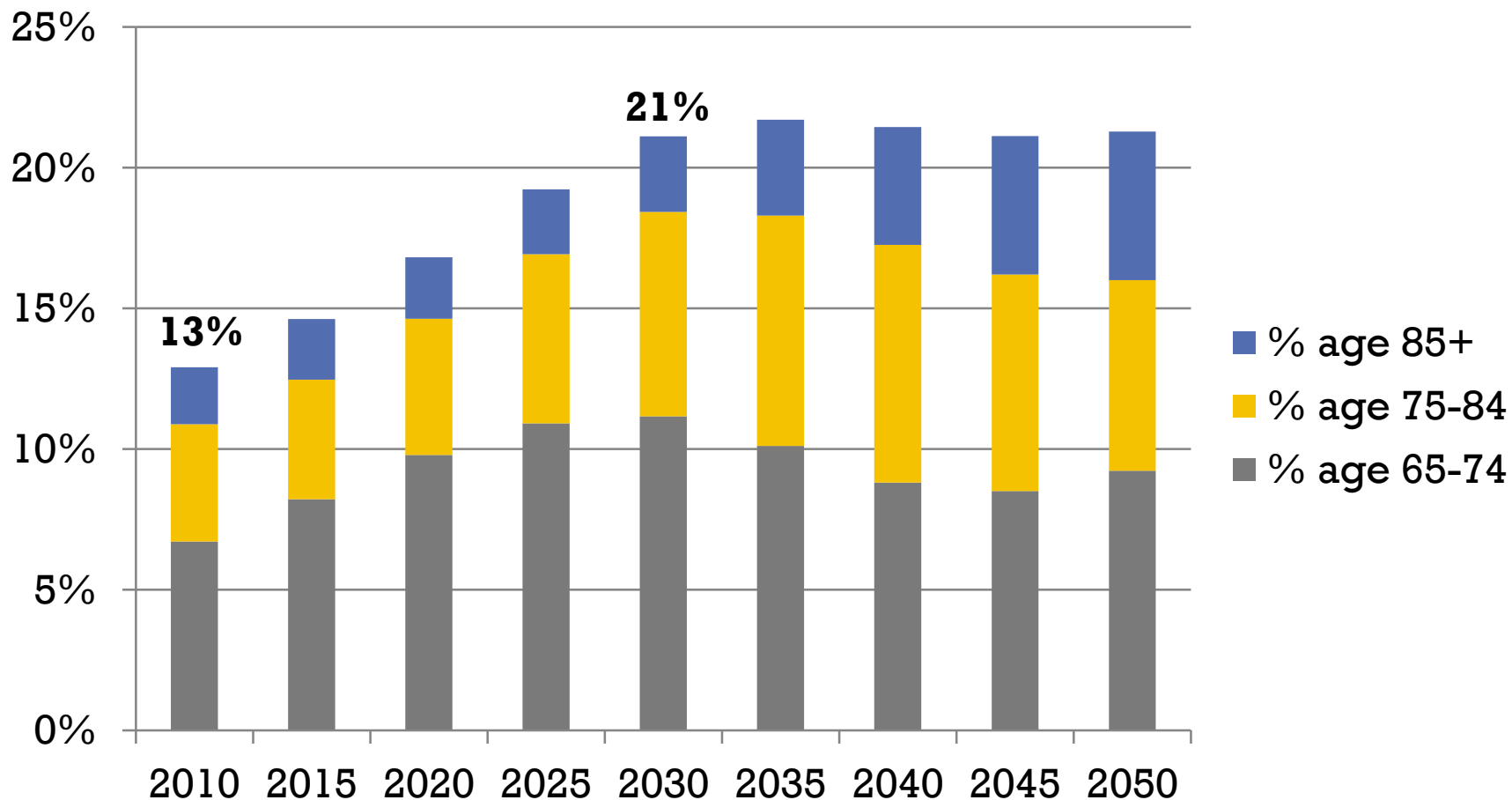


For the first time in MN history: More 65+ than school-age by 2020





By 2030, more than 1 in 5 Minnesotans will be 65+, including all Baby Boomers





Aging: Assets of our older population

- Minnesota's older adults are healthier, living longer, and working longer than prior generations
 - Life expectancy for Minnesotans age 65 now is 20.1 more years (15.6 years in good health)
 - Minnesota's Boomers and older adults volunteer in record numbers, strengthening our communities in countless ways
 - Opportunities to mentor in business and educational settings





Challenges related to our aging population

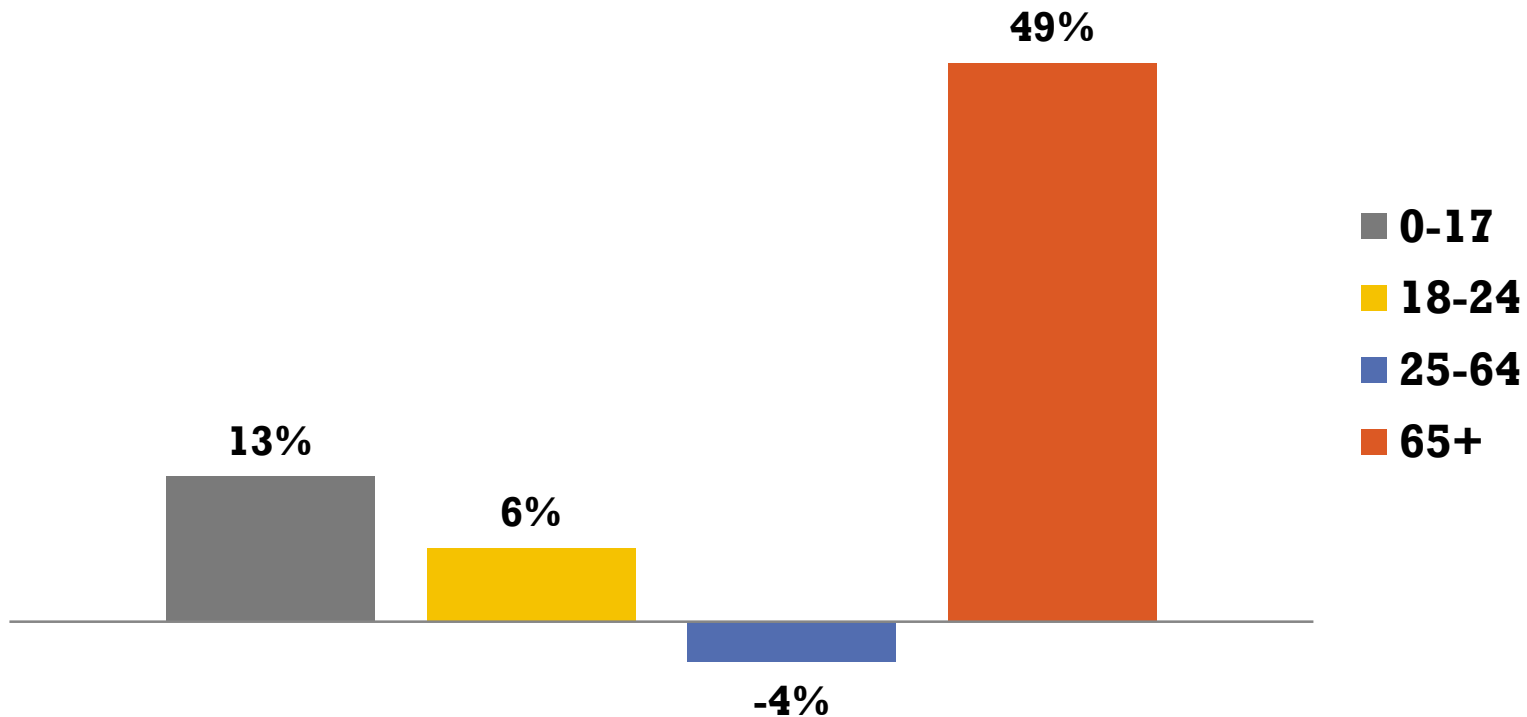
- Will we have or create sufficient **infrastructure** for more transportation, caregiving, health care, and social support needs, as **health challenges and disabilities increase**, especially when children live far away?
- Will we be able to **finance needed services**, especially long-term care? Private and public medical expenses will increase considerably.
- Will we have the workers to form a strong, skilled, highly **productive labor force** as the Boomers retire — for economic growth, tax revenues for needed services, and maintaining a high quality of life in MN?



Workforce Considerations

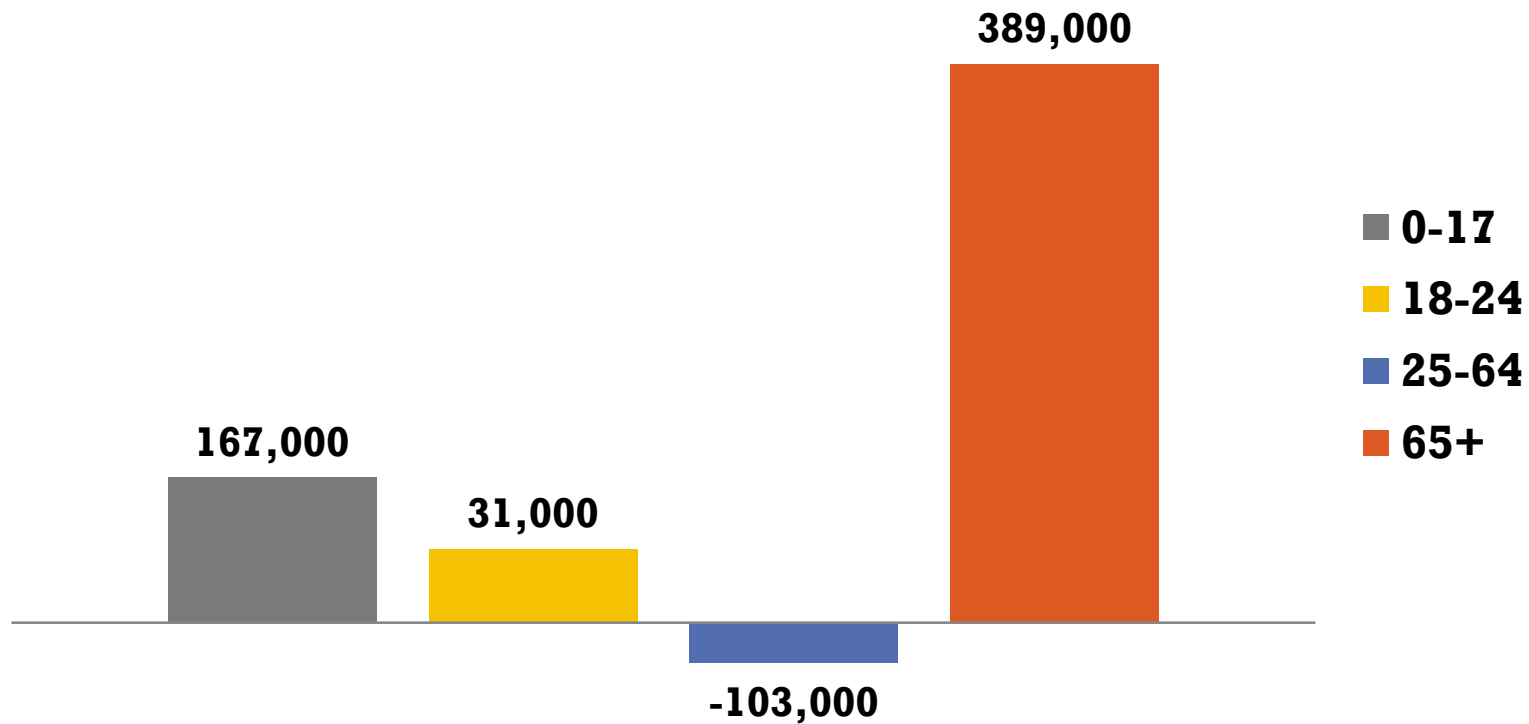


Change in MN age groups between 2015 and 2030 (percent)



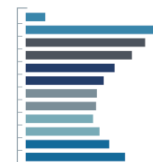
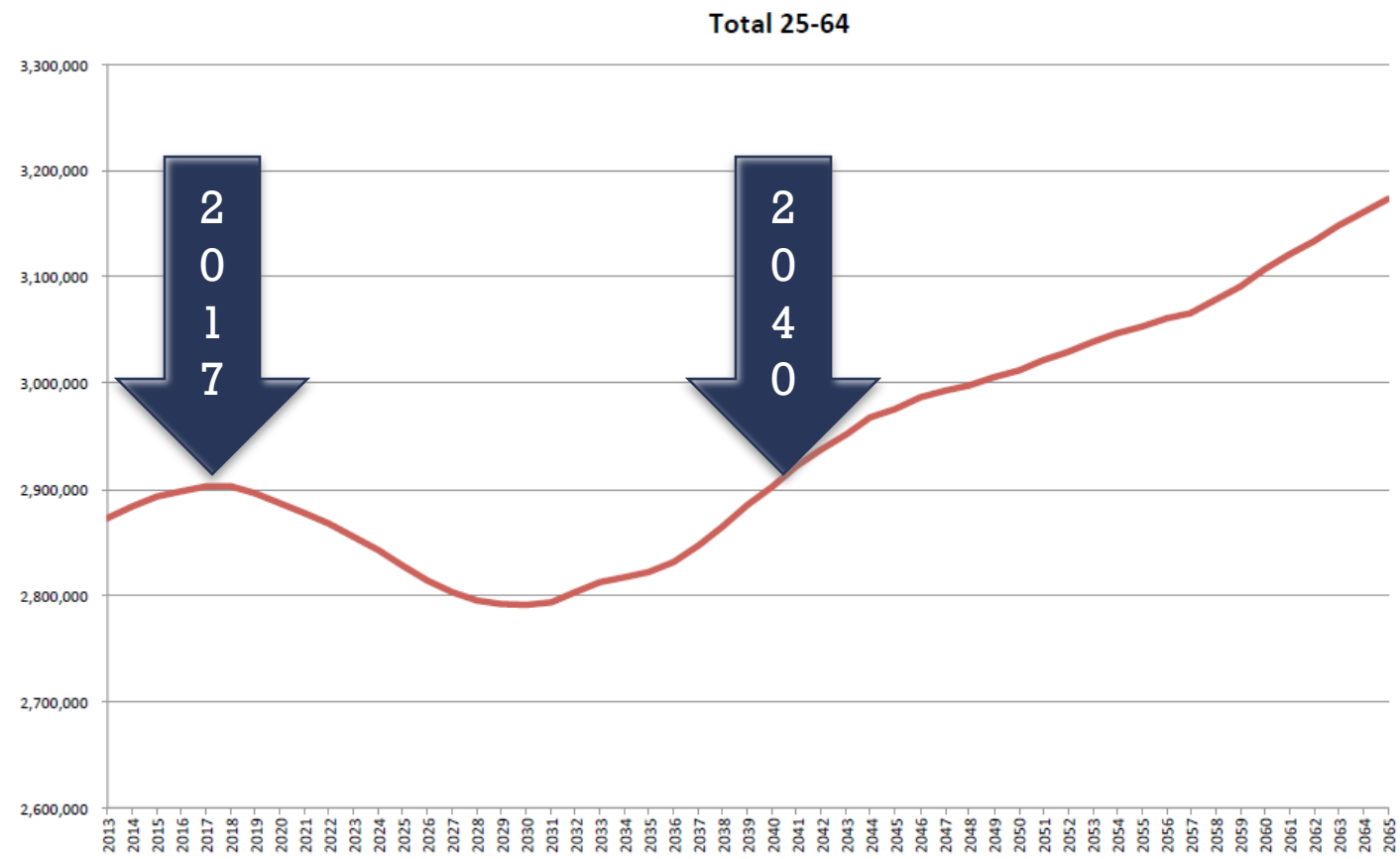


Change in MN age groups between 2015 and 2030 (people)





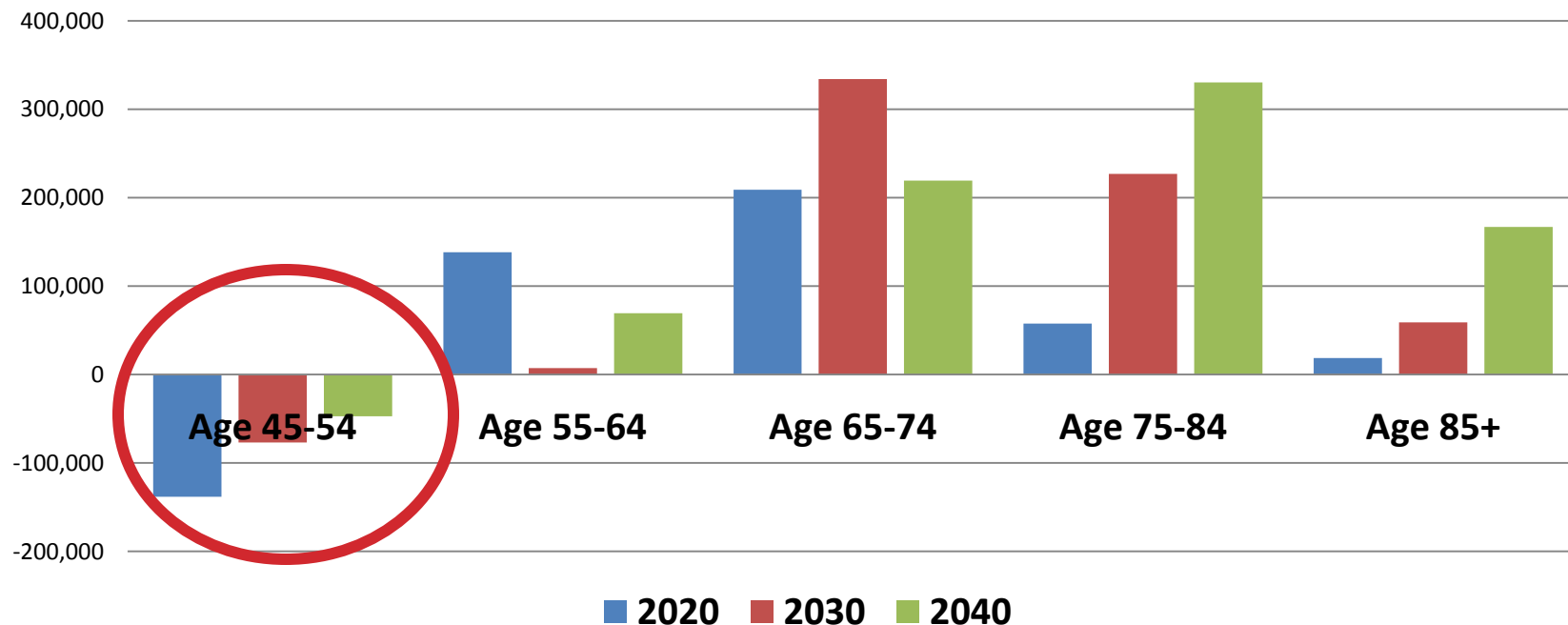
Total 25- to 64-year-olds in MN will dip by about 100,000 individuals





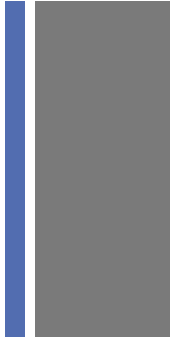
The coming decades will see dramatic growth in older cohorts

Expected numeric change in people by age cohorts,
between 2010 and given year, Minnesota





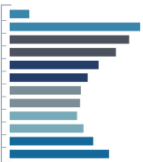
Demographics and succession planning



...the window in which to spot CEO talent is narrow. Companies require sufficiently seasoned candidates who can be counted on to hold the top job for ten years or more. That puts the age of accession at between 46 and 52. In my experience, for a candidate to be ready by 46, serious development should start by age 30.

Recognizing which five saplings in a 3,000-tree forest are the ones to nurture requires a degree of discernment that most line managers and HR departments lack and few are developing.

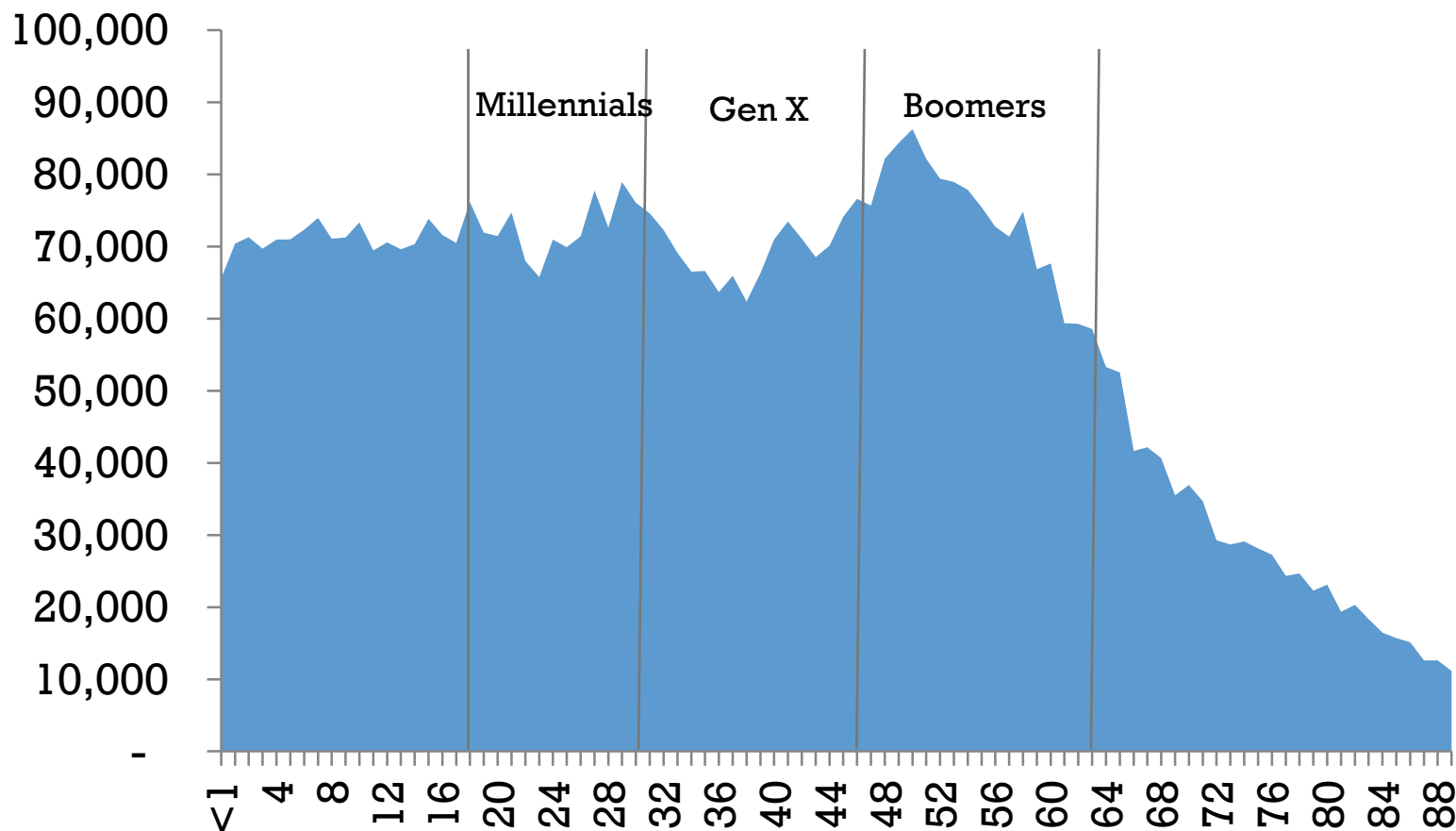
-Ram Charan, *Harvard Business Review*, February 2005



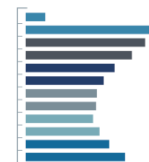


MN at a glance: Largest age group now in their 50s

Minnesotans by age, 2012

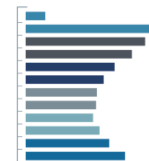
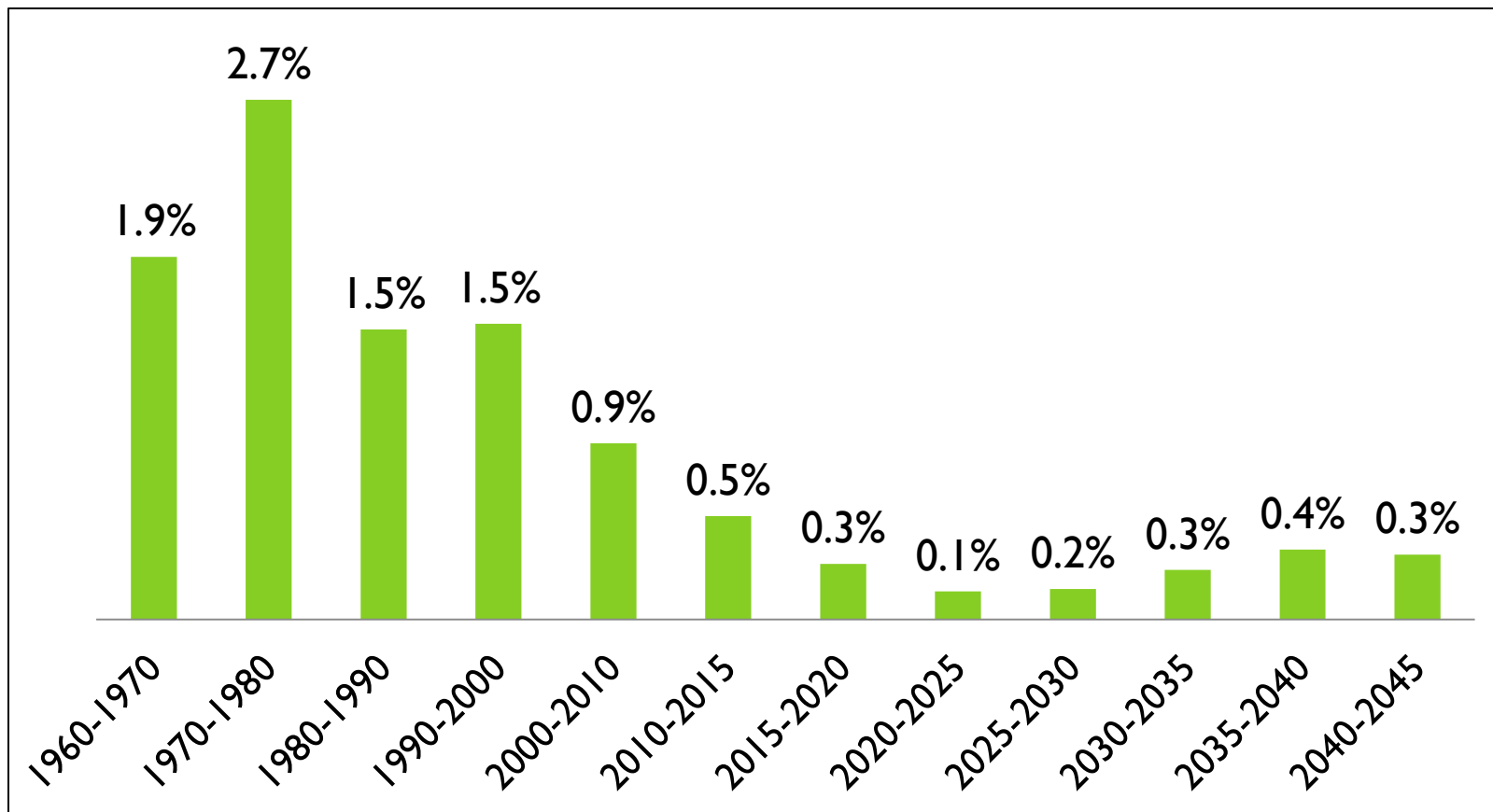


Sources: U.S. Census Bureau, American Community Survey





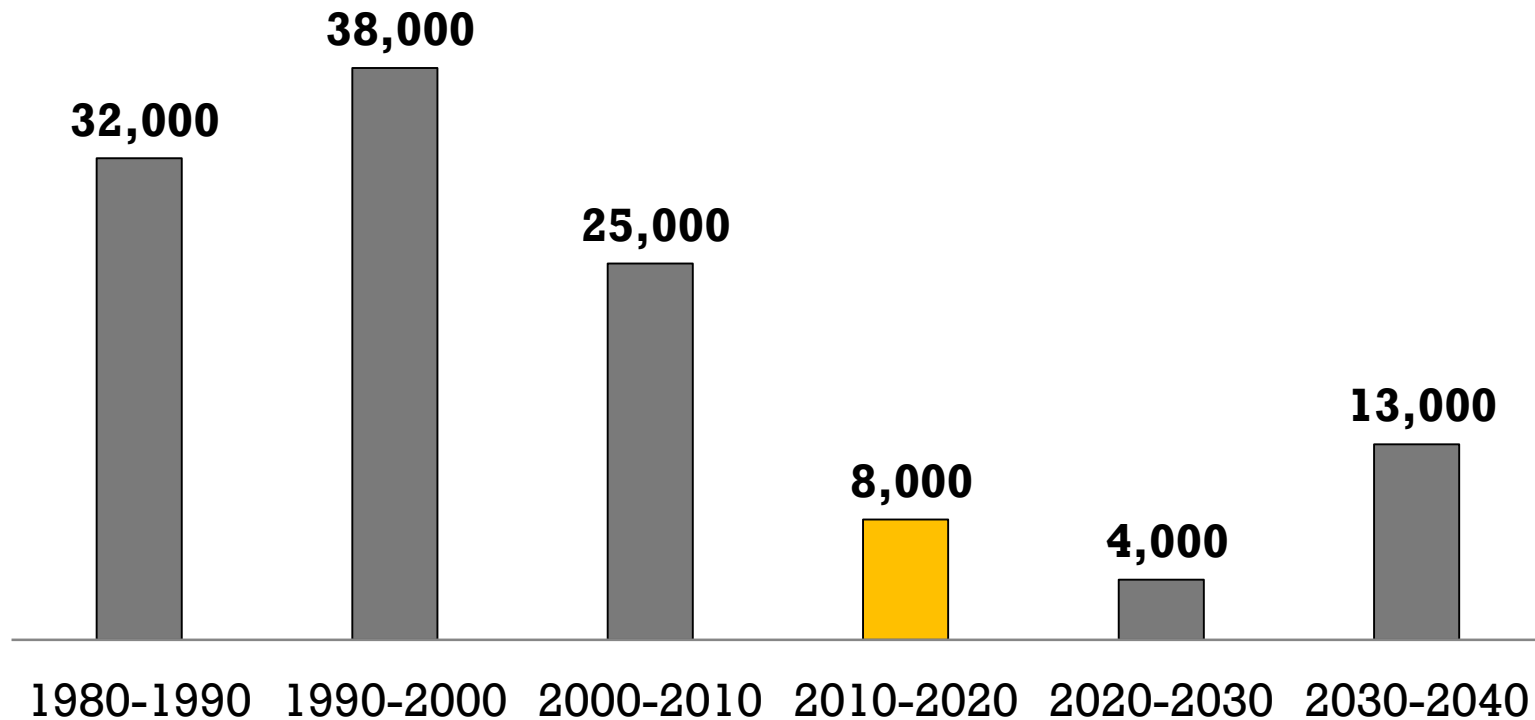
Labor force growth will continue to slow considerably



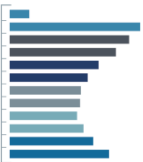


Projected Growth, MN Labor Force

Annual Average, Ages 16+

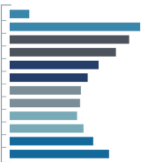
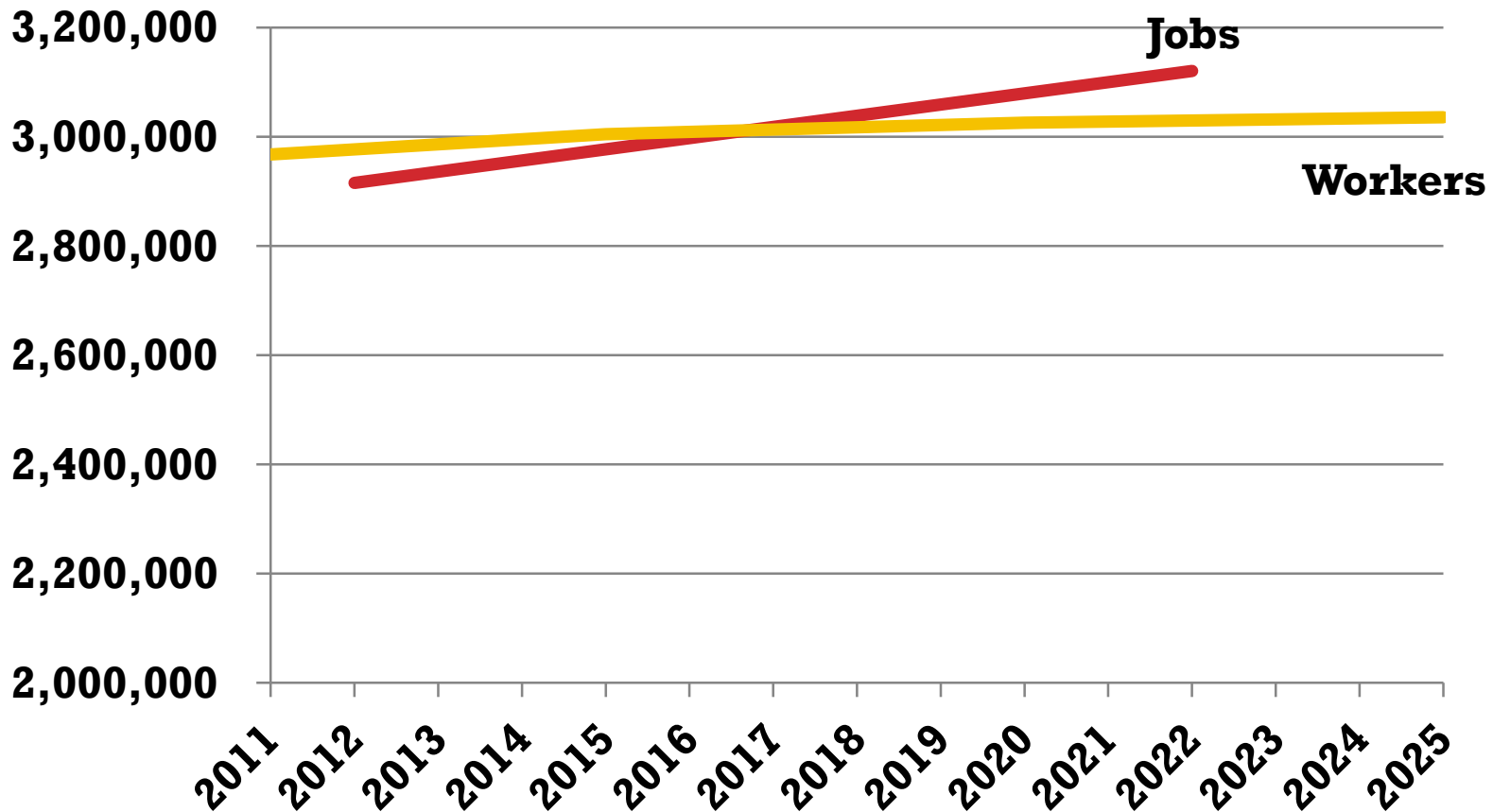


Source: U.S. Census Bureau, Minnesota State Demographic Center Projections





Projected job growth and projected labor force growth

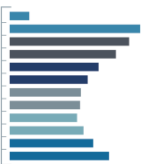




Opportunities to impact labor force's quality and size



- Grow your own (train, retrain, and retain your own)
- Attract new workers (domestic, int'l migration)
- Better alignment of preparation (& retooling)
- Pull (or keep) additional folks in the labor force:
 - Older workers
 - People with disabilities
 - Parents, especially mothers
 - Discouraged workers
 - People with less education/skills that align poorly with available jobs



Migration Trends



See our “Minnesota on the Move” special report on migration –
<http://mn.gov/admin/images/mn-on-the-move-migration-report-msdc-jan2015.pdf>

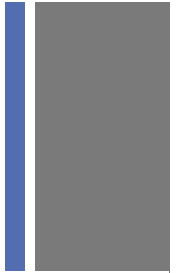
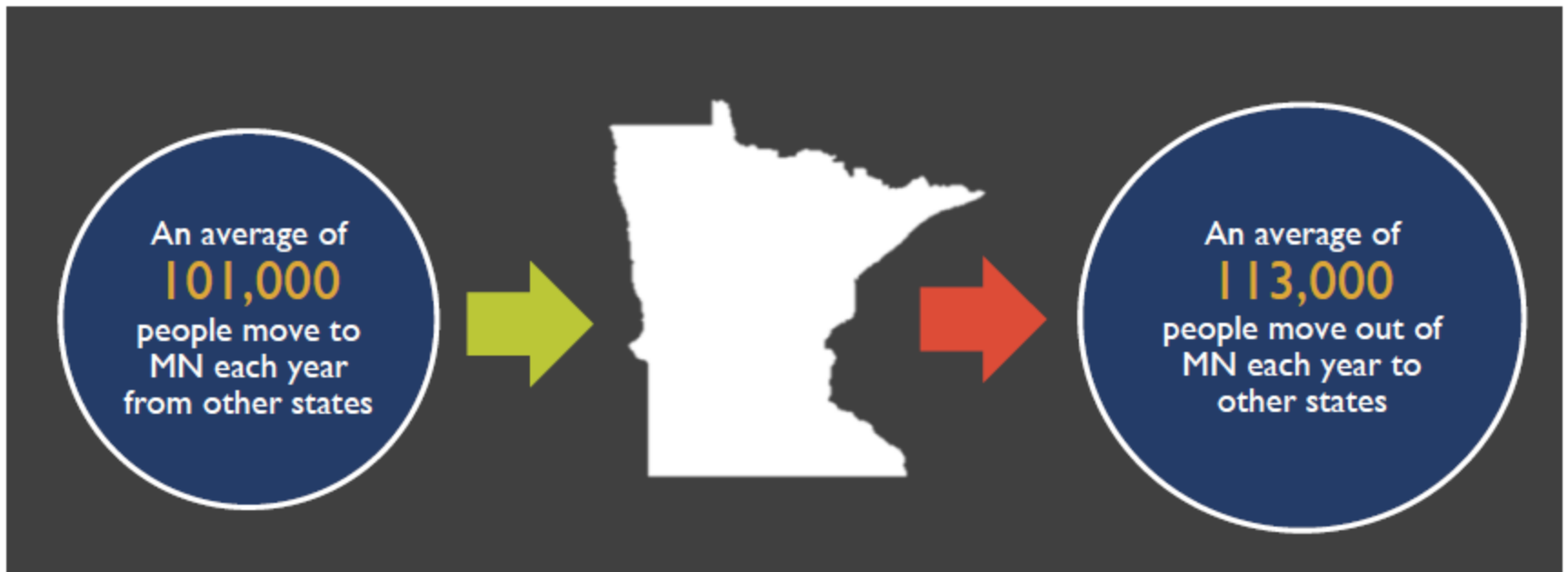


Figure 8: Minnesota's Annual Average Domestic Migration Flows, 2008-2012

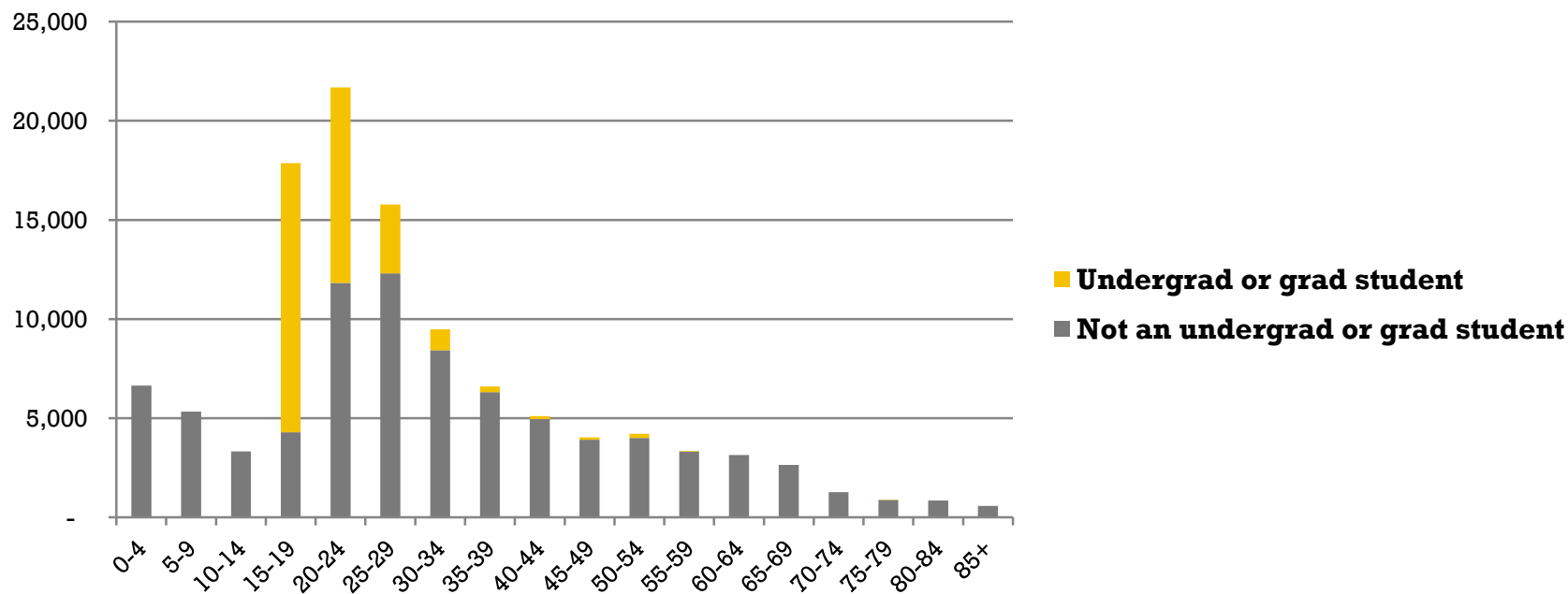


Source: IPUMS version of U.S. Census Bureau's 2008-2012 American Community Survey. Tabulations by MN State Demographic Center.



MN out-migrants are concentrated among those in late teens and 20s

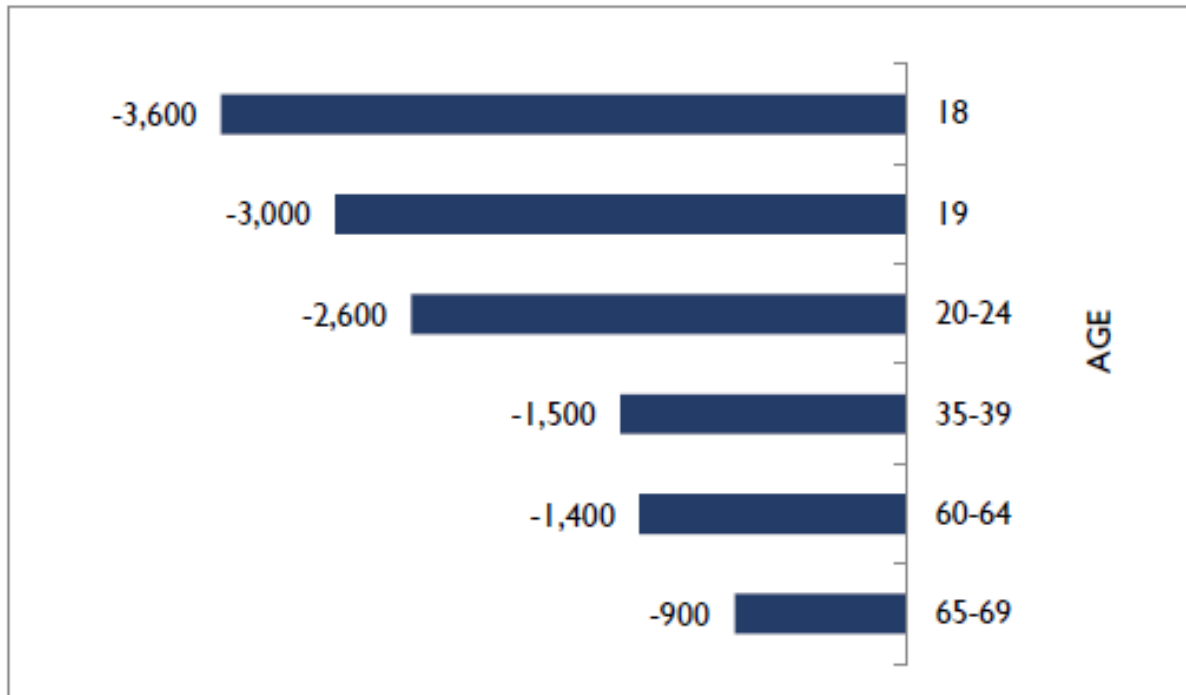
Annual leavers from Minnesota, by age group and student status, 2008-2012





Age groups with net losses from domestic migration, 2008-2012

Figure 13: Age Groups With Net Losses From Migration To Other States, By Average Annual Number Of People Lost, Minnesota, 2008-2012

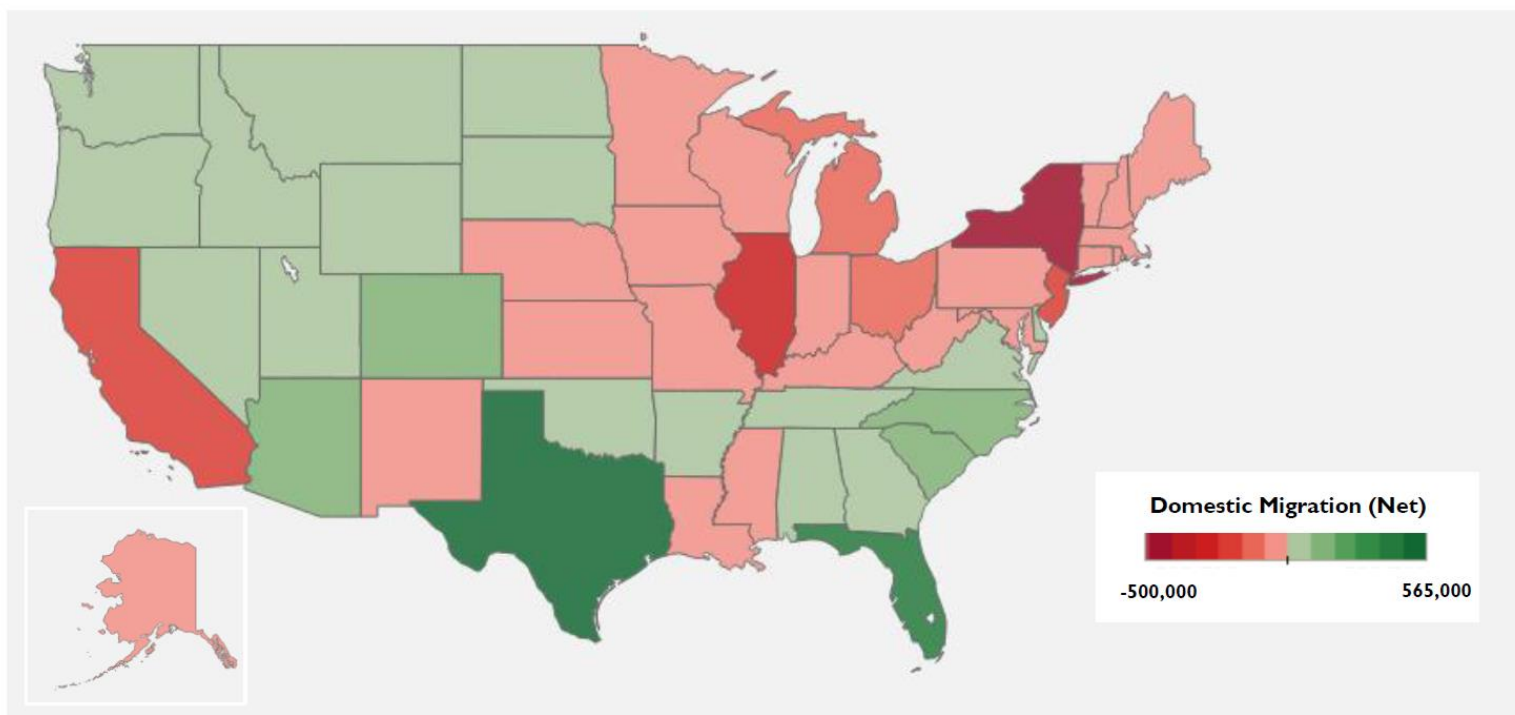


Source: IPUMS version of U.S. Census Bureau's 2008-2012 American Community Survey. Tabulations by MN State Demographic Center.



Domestic net migration, by state, since 2010 census

Figure 6: Domestic Net Migration, By State, April 1, 2010 – July 1, 2014



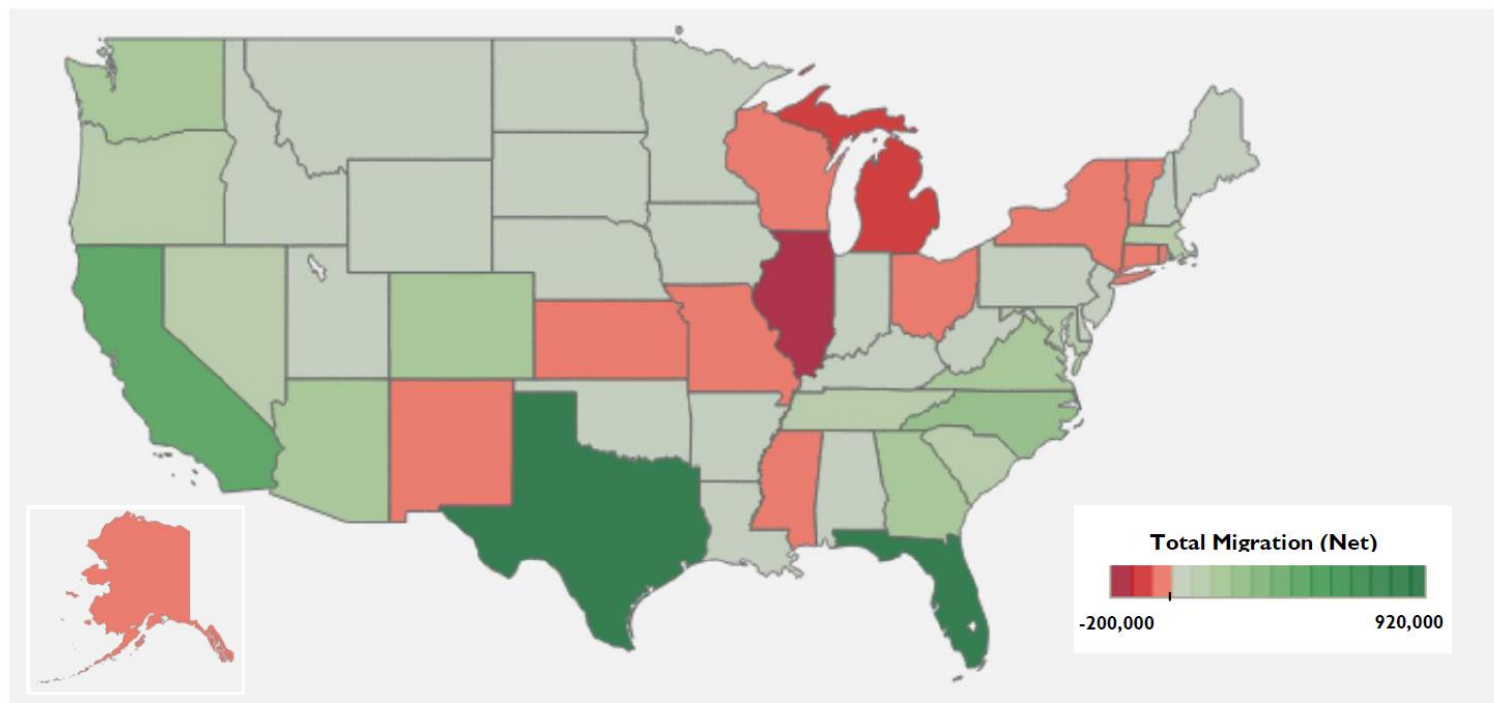
Source: U.S. Census Bureau, 2014 Population Estimates. Note: Domestic plus international figures may not equal totals due to rounding and a "residual," the result of controlling county populations to the national population for the entire set of estimates.

For interactive map online, see: https://public.tableausoftware.com/views/MigrationReportMapping/DomesticMigrationNet?:embed=y&:display_count=no



Total net migration, by state, since 2010 census

Figure 5: Total Net Migration, By State, April 1, 2010 – July 1, 2014



Source: U.S. Census Bureau, 2014 Population Estimates. Note: Domestic plus international figures may not equal totals due to rounding and a "residual," the result of controlling county populations to the national population for the entire set of estimates.

For interactive map online, see: https://public.tableausoftware.com/views/MigrationReportMapping/TotalMigrationNet?:embed=y&display_count=no

Which states attract? Which states retain?

Age 25-29 population

HOT & COLD STATES					
RETAIN		ATTRACT			
		1Q	2Q	3Q	4Q
	1Q	ND	SD, KS	MT	ID,WY, AK, NV
	2Q	IA, WV	NE,ME, NY,RI	HI,VT, NM,NJ	DE,NH, CO
	3Q	LA,MS, IN,MO	IL,MA, AL,OK	CT,VA	MD,WA, OR,FL,AZ
	4Q	MI,OH,PA, WI,KY, AL,MN	TN,SC,UT	NC,TX, GA,CA	HOLY GRAIL

Source: Lifetime Migration in the United States as of 2006-2010, Hermalin and Neidert, 2014.



Business and workforce attraction efforts

GREATER MSP™

Minneapolis Saint Paul Regional Economic Development Partnership

DOING BUSINESS HERE

16 COUNTY METRO

KEY INDUSTRIES

LIVING HERE

MAKE IT. MSP.

ABOUT US



Affordable Utilities

Demographics

Workforce

Major Employers

Infrastructure

Taxes

Incentives

Property Search

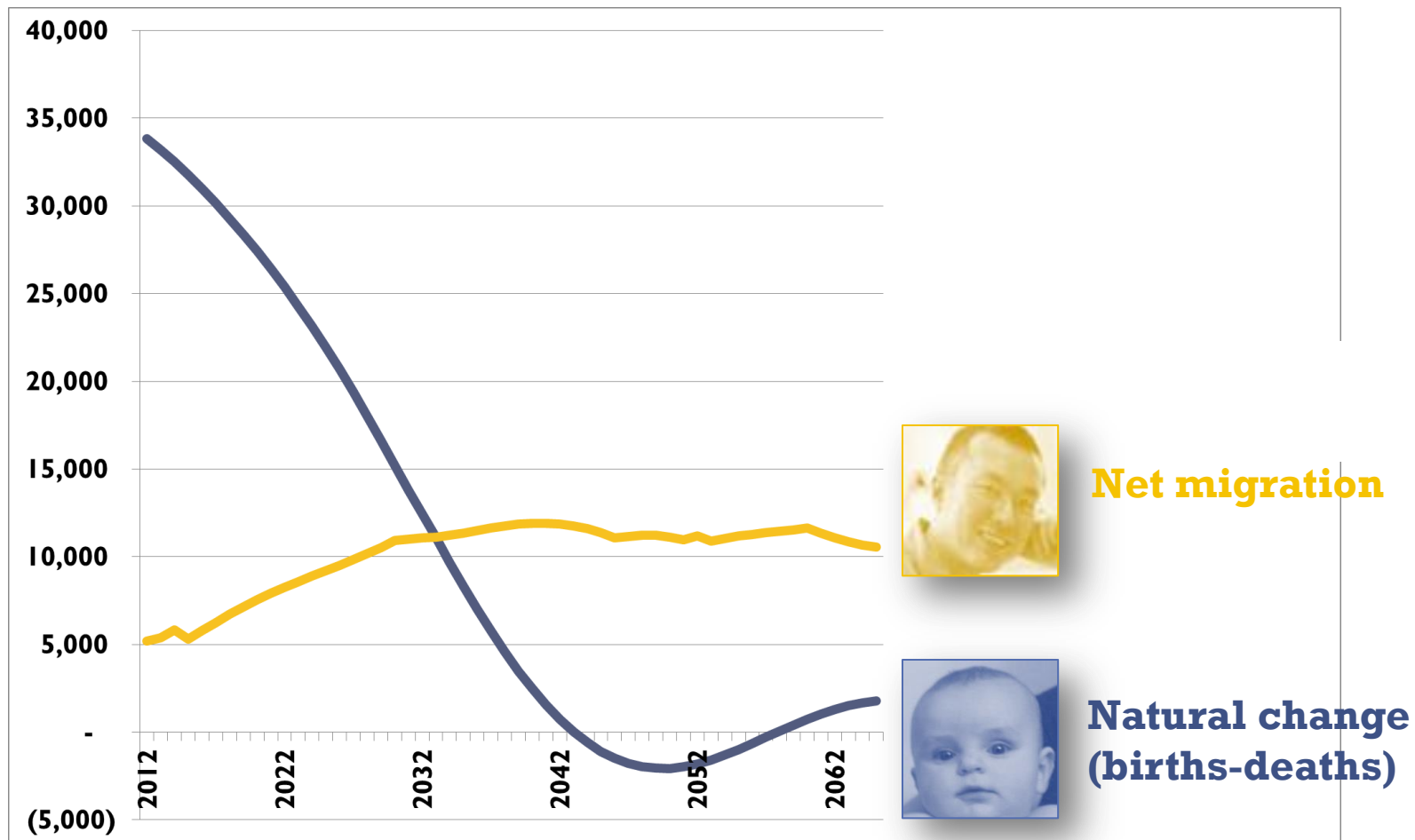
Affordable Utilities

Minnesota is one of very few states to exempt energy used in the manufacturing process from sales tax. The exemption includes natural gas, electricity and other utilities, providing bottom-line savings to heavy energy users.

Greater MSP offers significantly lower natural gas, electricity and water service rates



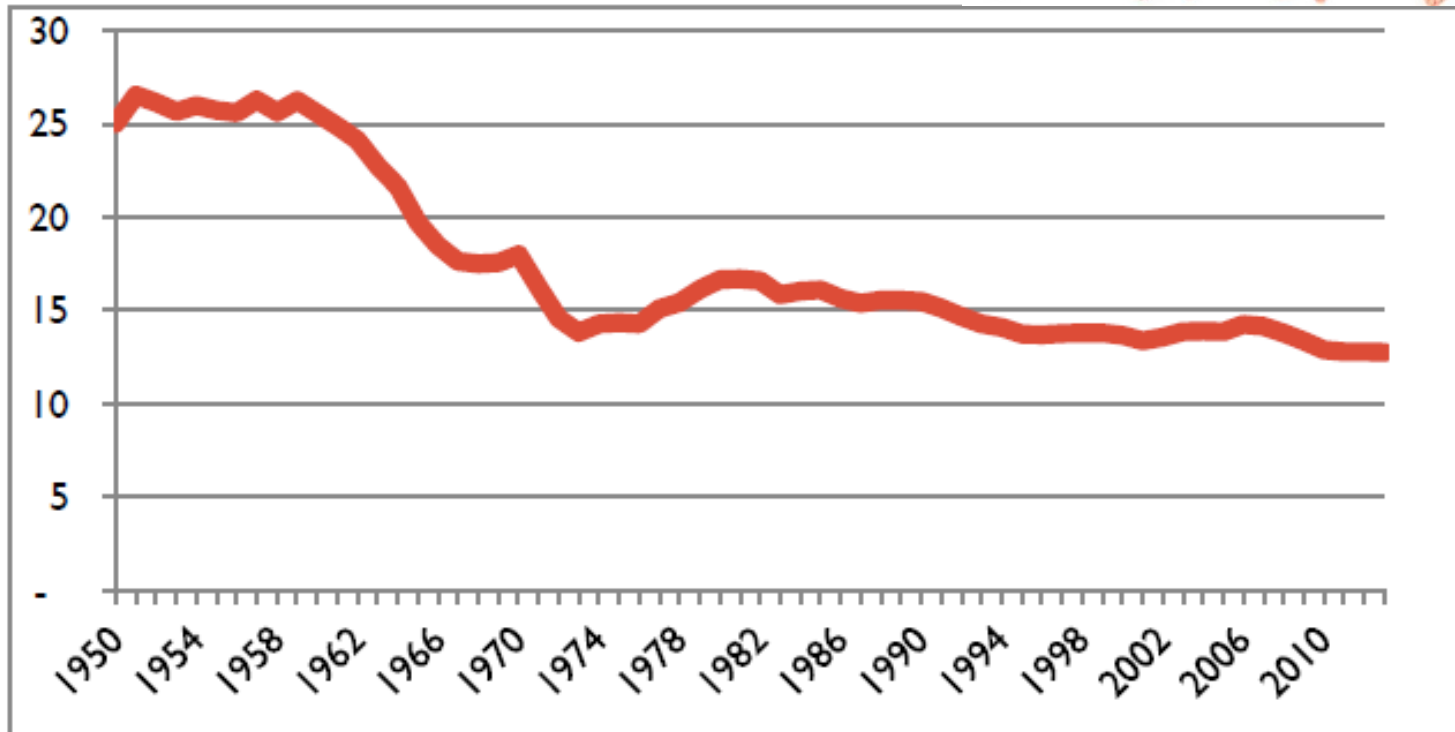
Net migration will become the major driver of our state's growth






Minnesotans not as fond of making babies as they were in the past

Figure 3: Births Per 1,000 Minnesotans, 1950-2013



Source: Minnesota Department of Health, Vital Statistics; U.S. Census Bureau, Population Estimates.

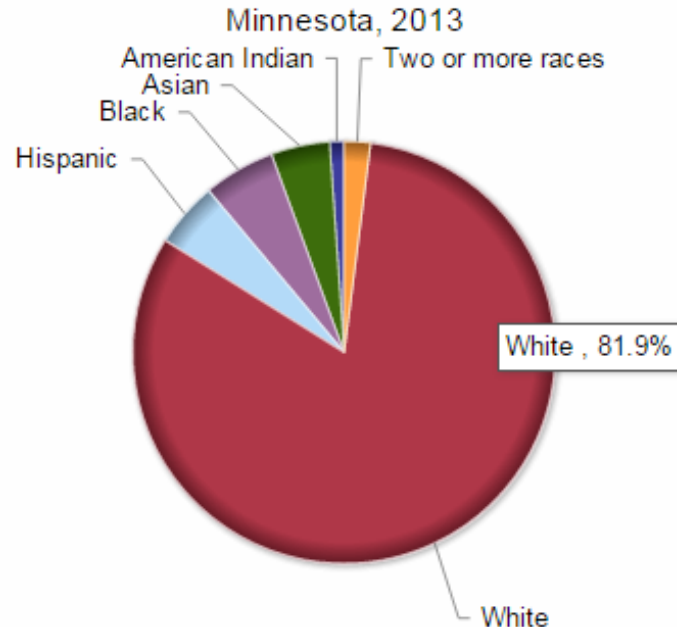


Where will
our future
growth come
from?



MN today by race/ethnicity (Hispanics removed from all other race groups)

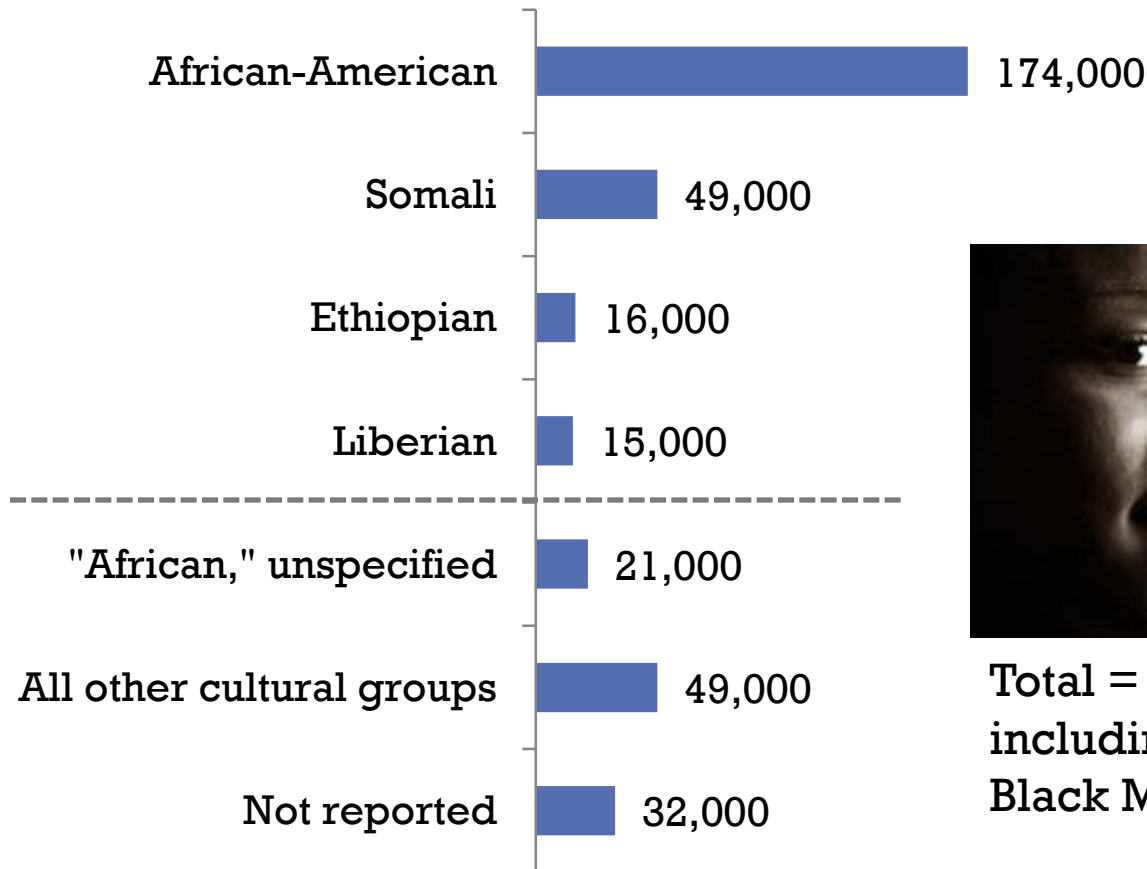
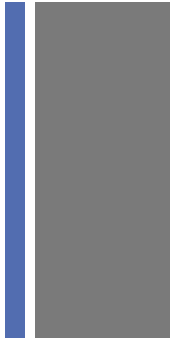
Population by racial and ethnic group



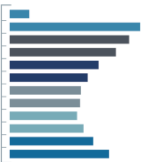
- 82% White
- 6% Black
- 5% Hispanic
- 5% Asian
- 2% Multiracial
- 1% American Indian



Largest cultural groups reported by Black Minnesotans

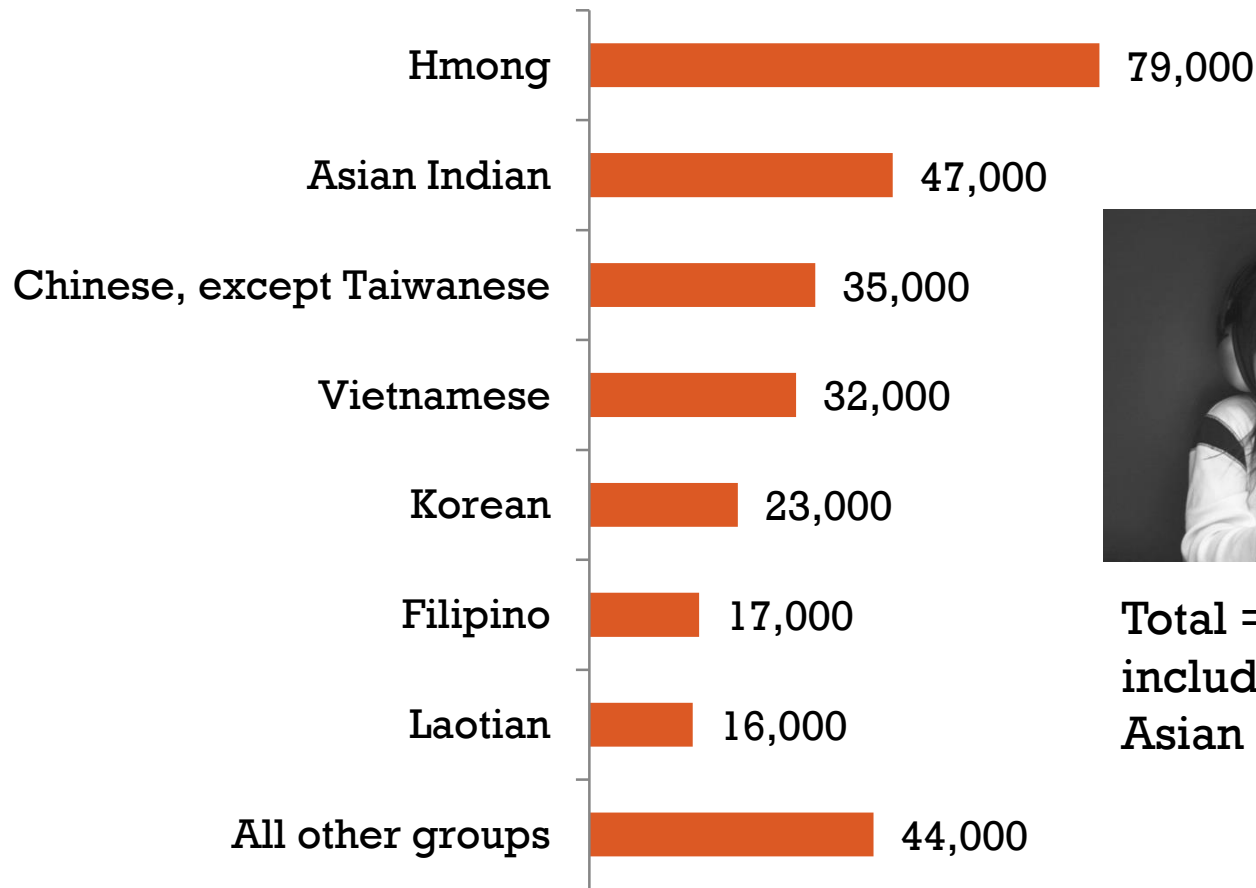


Total = 359,000
including multi-racial
Black Minnesotans

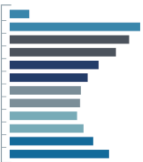




Largest cultural groups reported by Asian Minnesotans

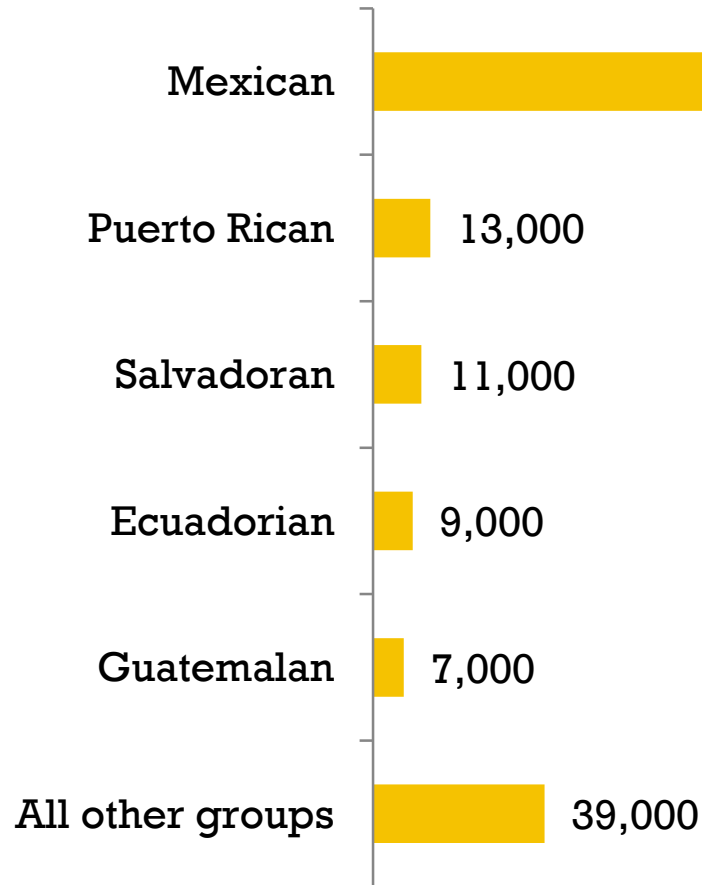


Total = 293,000
including multi-racial
Asian Minnesotans

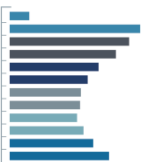




Largest cultural groups reported by Hispanic/Latino Minnesotans

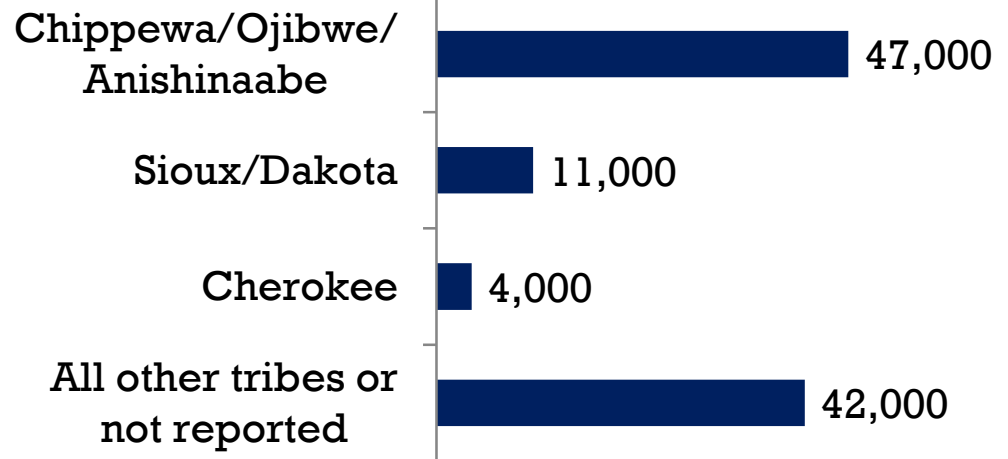


Total = 276,000
Hispanics of any
race or origin

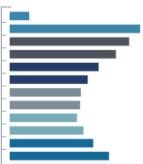




Largest tribal groups reported by American Indian Minnesotans

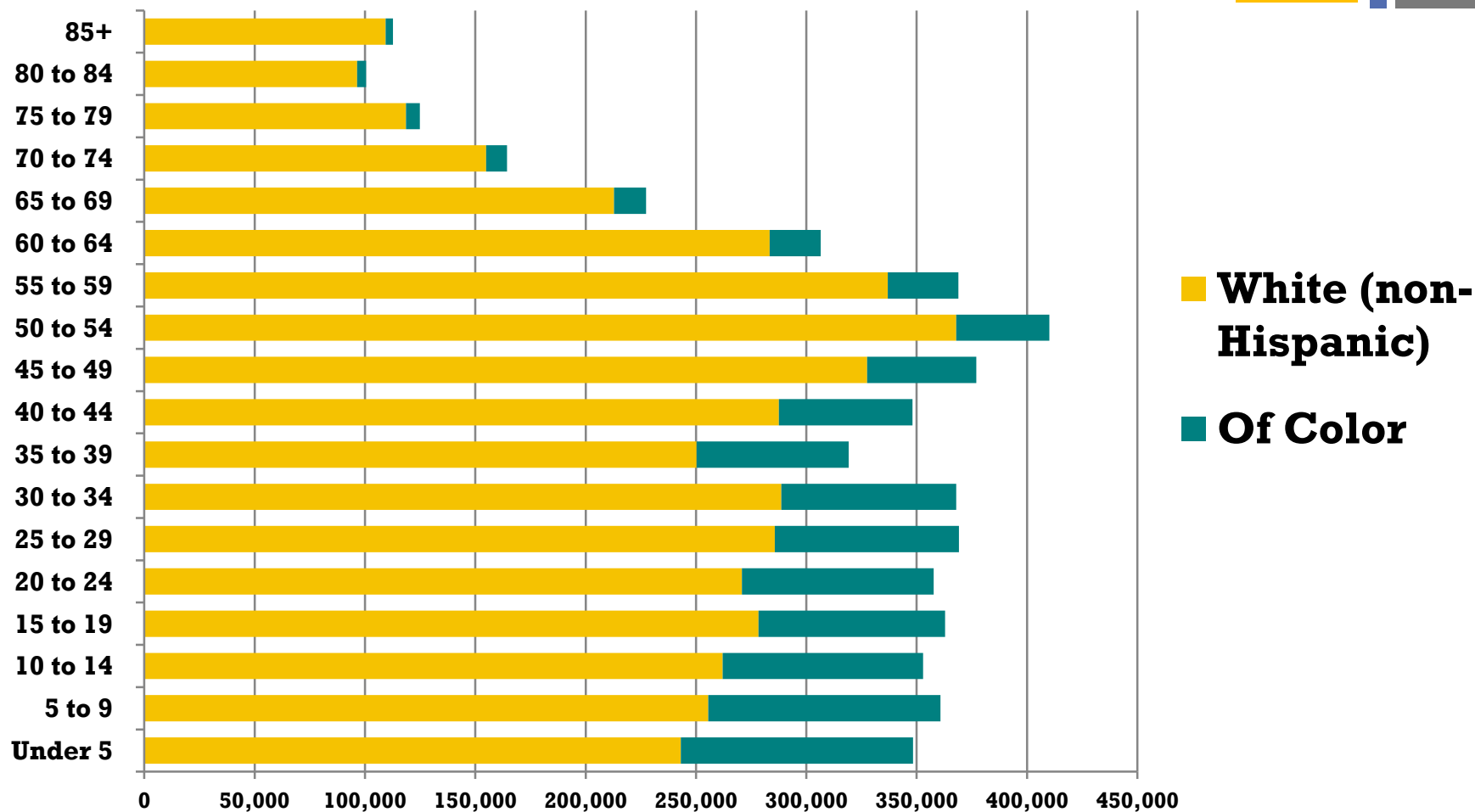


Total = 104,000
including multi-racial
American Indians



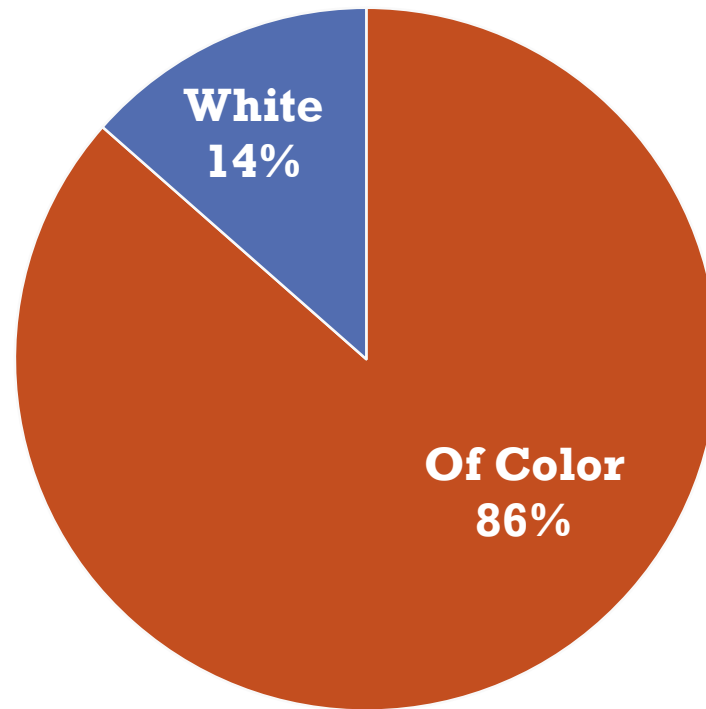


Minnesota's population by age and race groups

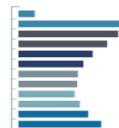
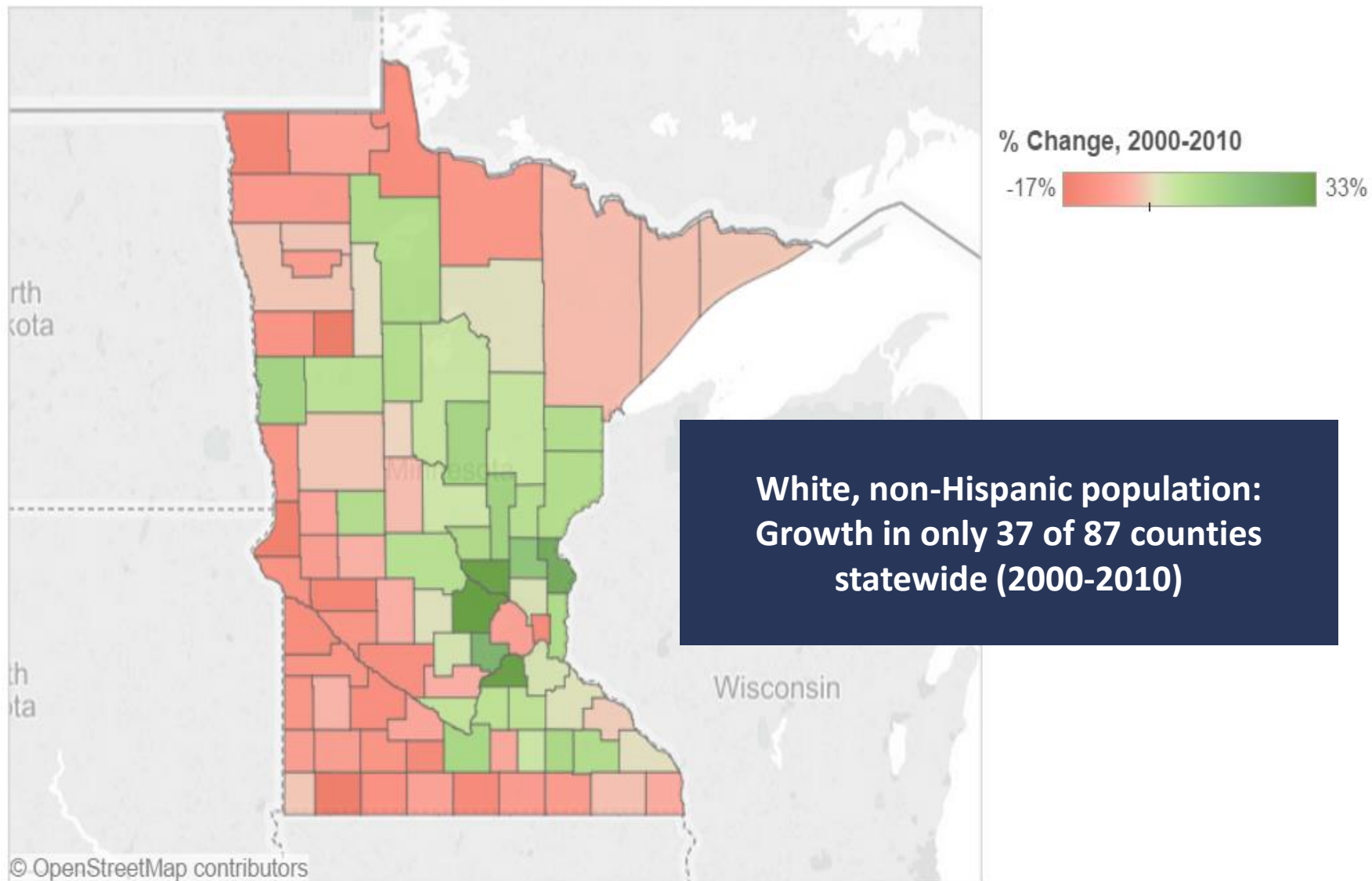


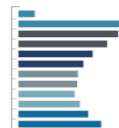
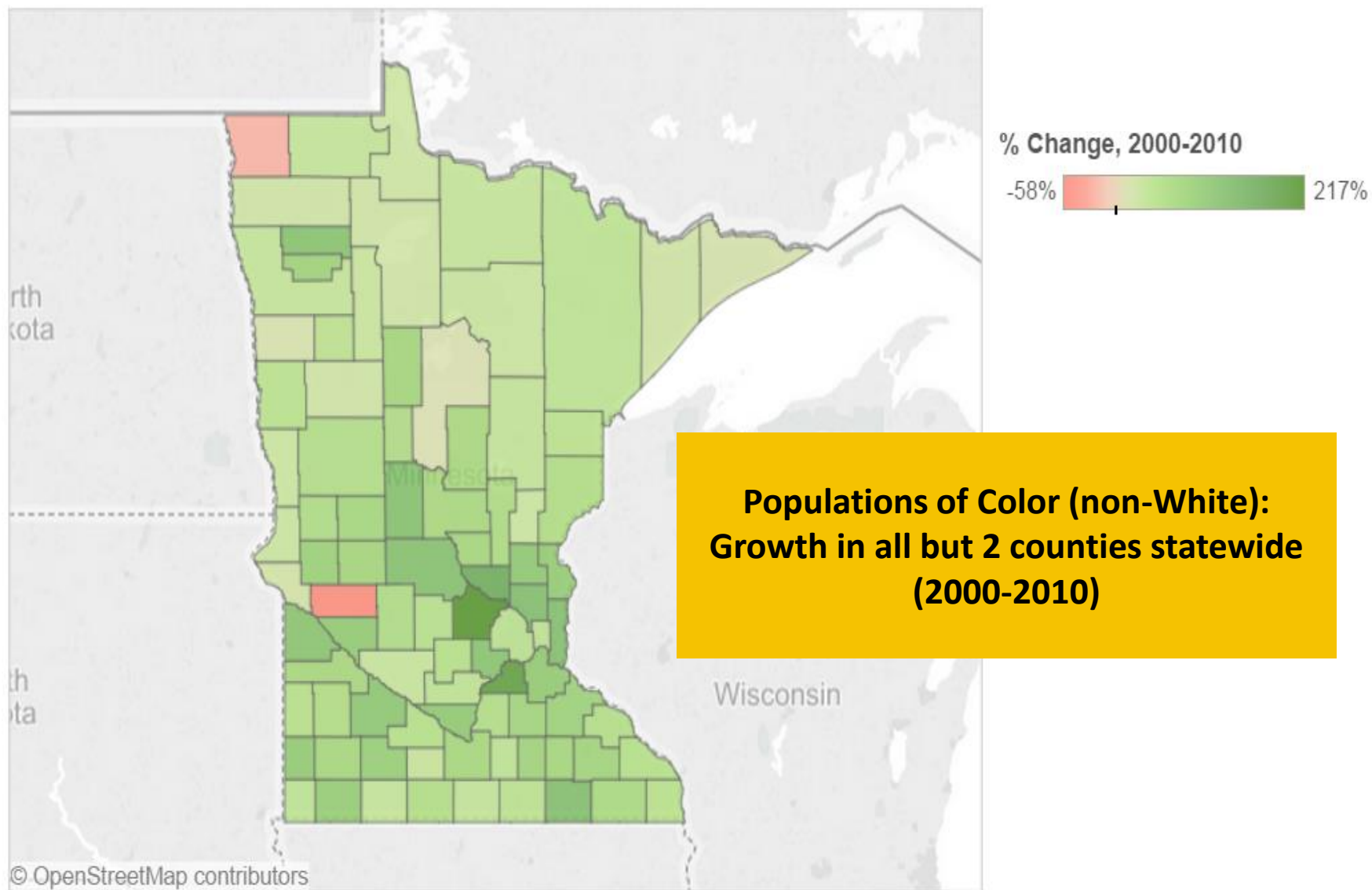


Between 2000 and 2010 most of MN's growth was from populations of Color



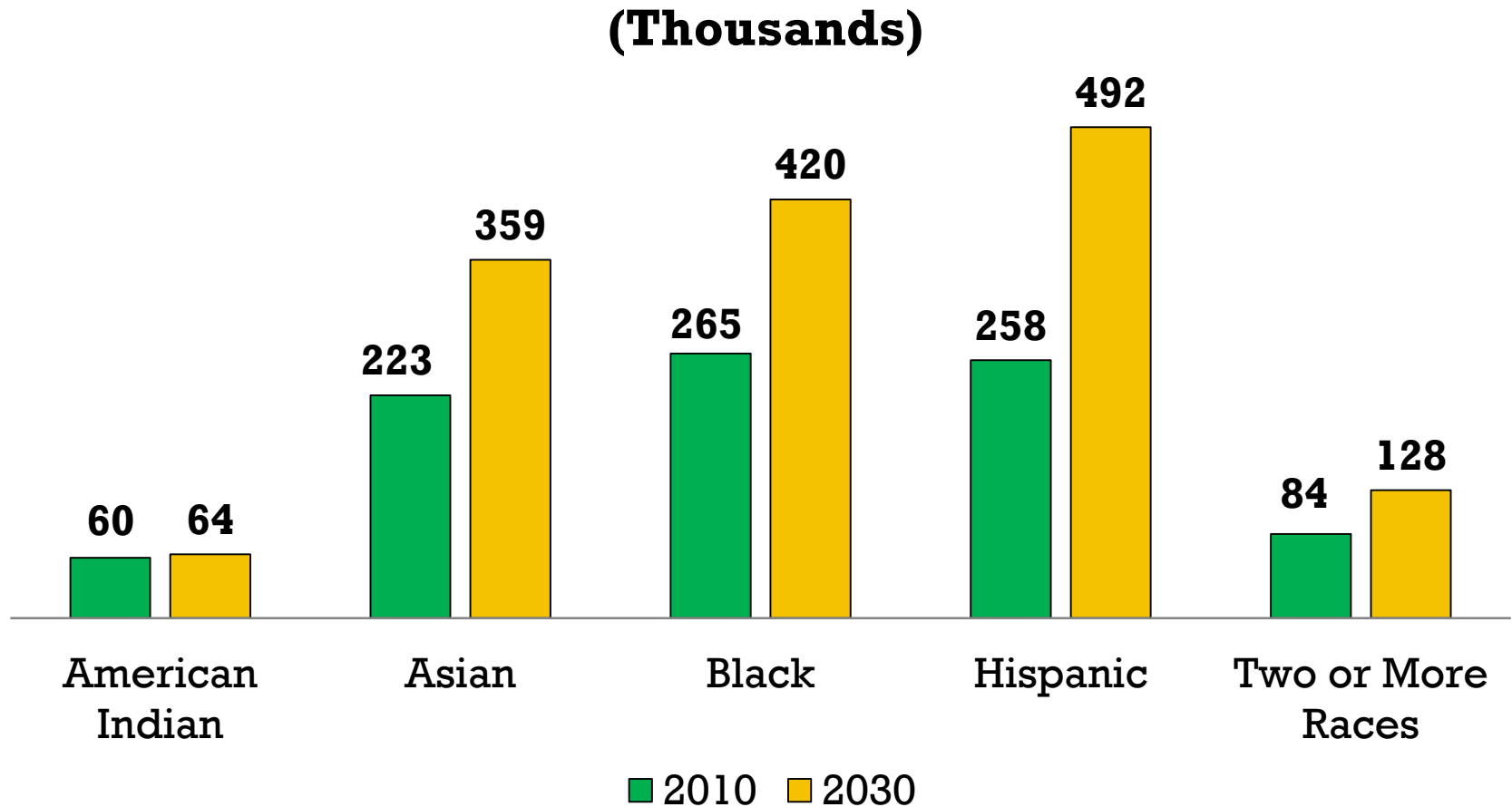
**350,000
more
Minnesota
residents
in 2010
than in
2000**







Largest growth expected among Asian, Black & Hispanic Minnesotans



+ Take-away thoughts for those contemplating these trends

- All areas of the state will feel the effects of an aging population. **Health care and long-term care** will become cost-drivers of public budgets. How will we balance this with other public needs?
- However, older adults transitioning out the workforce will **positively shape our communities** with volunteerism, mentoring and advancing their own solutions to the challenges of aging.
- **As Baby Boomers retire, a tightening labor force** will create new opportunities for workers, but will place strain on employers. The search for skilled hands and minds will intensify (here and across much of the globe).
- Fewer workers relative to older adults puts a premium on **developing, retaining, and attracting skilled workers and business leaders** — to fuel continued economic growth.
- Minnesota's **communities, workplaces, and markets for business** will grow more **diverse** in the decades to come. The success of populations of Color is essential for our state's overall success.



And Finally...

Business and community leaders will need to be brave, creative, collaborative, and adaptive in responding to these demographic changes.

You are part of the solution!



Minnesota State Demographic Center

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